



Daily Report

China

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CONTENTS

14 October 1987

INTERNATIONAL AFFAIRS

General

Foreign Ministry Spokesman Holds Briefing	1
Congress 'Creating Two Chinas'	1
Xizang Bars Foreign Visitors	1
Dalai Lama Talks to Reporters About Tibet [KYODO]	1
UN Envoy Urges Cambodia Reconciliation	1
IPU Delegate on National Self-Determination	2
Commentary on Arms Race, Northern Europe [RENMIN RIBAO 7 Oct]	3

United States & Canada

Li Peng Meets Chairman of United Airlines	4
Ji Pengfei Receives Delaware Delegation	4
Yang Shangkun Meets Lockheed Chairman	4
Round-Up Reviews U.S. Economic Recovery	4

Soviet Union

Wu Xueqian Meets Soviet Envoy Rogachev	5
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Northeast Asia

DPRK Condemns U.S. Interference in Xizang	6
Operation of DPRK Power Plant Marked	6

Southeast Asia & Pacific

Kang Shien Meets Philippine Oil Delegation	7
Lei Jieqiong Meets Thai Youth Delegation	7

Near East & South Asia

Li Xiannian On Situation in Xizang	7
Xizang Tourism Delegation Travels to Nepal	7
Departs Lhasa	7
Arrives in Nepal	8
India Praises Family Planning in PRC	8

West Europe

Genscher Interviewed on PRC Relations	8
Peng Chong Meets FRG Council Delegation	8
Scientific Cooperation Discussed With FRG	9
French Experiments on PRC Satellite	9
Zhang Jingfu Meets Dutch Investors Group	9
Kang Keqing Meets Netherlands Delegation	9
Bank of China Enters London Eurobond Market	9

East Europe

Janos Kadar Delegation Visits Beijing	10
First Day's Activities [Budapest MTI]	10
Speaks With Zhao Ziyang [CHINA DAILY 12 Oct]	11
Talks With Deng Xiaoping [Budapest MTI]	12
Discussion With Peng Zhen	12
Press Communique [Budapest MTI]	13
Phoned by Zhao Ziyang	13
NEPSZABADSAG Editorial	14
Yugoslavia's Mijat Sukovic Visits Beijing	14
Li Xiannian on Retirement [Belgrade]	14
Li Xiannian on 13th Congress	14
Scientific Protocol Signed With SFRY	15
Hao Jianxiu Receives Romanian Party Workers	15

Latin America & Caribbean

Chilean Air Force Commander Visits Beijing	15
Meets Wan Li	15
Li Peng Receives Argentine Trade Delegation	15
NPC Official Receives Mexican Writer	16
Wang Meng Attends Cuban Cultural Festival	16
Zhu Qizhen Visits Caribbean Countries	16
Ends Belize Visit	16
Meets Barbados' Prime Minister	16

NATIONAL AFFAIRS

Official Views Xizang Issue, Dalai Lama [LIAOWANG OVERSEAS EDITION 12 Oct]	17
More Culture, Education for Peasants	19
Qiao Shi Supervision of Foreign Contracts	20
Journal Views Nature of Economic Reform [JINGJI GUANLI]	21
Agricultural Resources Survey Completed	27

REGIONAL AFFAIRS

East Region

Rui Xingwen at Shanghai Deputies Meeting	28
Shanghai Mayor Meets Polish Delegation	28

Southwest Region

Returnees to Xizang 'Likely' Police Targets [AFP]	28
Xizang Bodies, Figures Condemn 'Splittists'	29
Xizang Department Issues Notice on Unity	30
Radio Commentator Condemns Dalai 'Clique'	31

North Region

Hebei's Xing Chongzhi at Report Meeting [HEBEI RIBAO 17 Sep]	31
N. Monggol's Wang Qun Attends Army Forum	31
Shanxi Advisory Commission Member Expelled	31

PRC MEDIA ON TAIWAN AFFAIRS

Official on Visiting Relatives in PRC	33
Taiwan Criticized for Harboring Illusions	33

TAIWAN

Mainland Visits Policy Announcement 'Soon'	35
Premier Yu Comments	35
AFP Report	35
Motion Condemns PRC Force in Xizang	35
Direct Trade With Mainland Prohibited	35
957 Mainland Boats Driven Off 6-11 Oct	36
Foreign Minister on Ties With South Korea	36

HONG KONG & MACAO

Hong Kong

Governor's Address to Legislative Council	[SOUTH CHINA MORNING POST 8 Oct]	37
Confidence Said Slipping in New Passport	[SOUTH CHINA MORNING POST 10 Oct]	40
Yang Appointed First Chinese Chief Justice	[SOUTH CHINA MORNING POST 14 Oct]	41

General

Foreign Ministry Spokesman Holds Briefing

Congress 'Creating Two Chinas'

OW140332 Beijing in Mandarin to Taiwan 1500 GMT
13 Oct 87

[Text] A press spokesman of the Chinese Ministry of Foreign Affairs said today that recently, under the instigation of some people, the U.S. Congress has seriously hurt the Chinese people's national feelings by repeatedly and brutally interfering into China's internal affairs. He said: This has become a negative factor that has affected the stable development of Sino-U.S. relations. People cannot help asking: To what point do they want to push Sino-U.S. relations?

The spokesman made the statement while answering a press question concerning the passage of two amendments by the U.S. Senate on 8 October.

The spokesman noted: One of the these two amendments brazenly called the Taiwan authorities the government of the Republic of China, and it reaffirmed U.S. obligations to Taiwan on the basis of the so-called Taiwan Relations Act. Calling the Taiwan authorities the government of the Republic of China is a flagrant act of creating two Chinas. China has always opposed the United States' Taiwan Relations Act, considering it a underlying problem affecting the development of Sino-U.S. relations.

The spokesman said: The other amendment that was passed slandered China for persecuting Yang Wei and other intellectuals. This is sheer nonsense. Yang Wei, a Chinese citizen, has broken state law, and China's judicial departments have looked into his legal responsibility according to the law. This is beyond reproach, and nobody has the right to interfere. In China, intellectuals enjoy great attention and respect. They have been playing an increasingly significant role in all fields. The U.S. Senate amendment's slander and attack against China have only infuriated the Chinese people, including the vast number of intellectuals.

Xizang Bars Foreign Visitors

OW140842 Beijing XINHUA in English 0833 GMT
14 Oct 87

["Tibet To Receive No Foreign Tourists, Visitors for the Time Being: Foreign Ministry Spokesman"—XINHUA headline]

[Text] Beijing, October 14 (XINHUA)—It has been decided by the People's Government of the Autonomous Region of Tibet that Tibet does not receive tourists or visitors for the time being, except those with the permission of the regional people's government and tourist groups with contracts signed.

A Foreign Ministry spokesman said this here this afternoon at the weekly news briefing in reply to a question raised by some correspondents.

Dalai Lama Talks to Reporters About Tibet

OW141057 Tokyo KYODO in English 1040 GMT
14 Oct 87

[Text] Manali, India, Oct. 14 KYODO—Supreme Tibetan Buddhist leader, the Dalai Lama, has said it depends on China's attitude whether or not Tibetans will struggle for independence. The Dalai Lama, 52, gave his views on the recent Tibetan situation in a one-hour interview with reporters in Manali, Himachal Pradesh, northern India, Tuesday.

On recent demonstrations in Lhasa, the Dalai Lama said, "it was not planned. Nothing was prepared. But there is a connection (between his visit to the United States in September and the demonstrations)." "One factor may be my visit to Washington. They may have been inspired (by that)," the Dalai Lama said.

The Dalai Lama said, "the Chinese are ignoring the feelings of Tibetan people. There are more Chinese students in the special allocation seats for Tibetans in higher education." "Even Chinese students from proper areas come to Tibet through relatives, through the back door. Buddhists are not allowed to enter or leave the Tibet Autonomous Region now. The Chinese openly mention that they need patriotic monks," he said.

The Dalai Lama said, "Tibet is a separate country from China culturally, geographically, historically. The 6 million Tibetan people must achieve maximum benefits. If we can get them only through independence, then we have every right to demand independence. If we can get them by joining with China, we would prefer it," he said.

The Dalai Lama said he will closely watch the current situation since the Chinese Communist Party will be holding a congress late this month. However, the Dalai Lama said he will speak out if necessary as a free spokesman for the Tibetan people and that to do so is his moral obligation. He also said the Indian Government has asked him again to refrain from becoming involved in political activities. On India's view that the Tibetan dispute is one of China's internal affairs, the Dalai Lama said, "I feel sad. Morally speaking, it's not so nice."

UN Envoy Urges Cambodia Reconciliation

OW140847 Beijing XINHUA in English 0731 GMT
14 Oct 87

["China Calls for Real National Reconciliation in Kampuchea"—XINHUA headline]

[Text] United Nations, October 13 (XINHUA)—China today called on all parties concerned in Kampuchea to take measures to reach a real national reconciliation in the war-worn country.

Li Luye, China's permanent representative to the United Nations, said that for a just and reasonable settlement of the Kampuchean issue and a national reconciliation, "Vietnam must withdraw all its troops."

Li said at the UN General Assembly which began its debate on the Kampuchean situation this afternoon that to solve the problem, "the interest of all the parties concerned in Kampuchea should be taken into account without excluding any party or letting any party monopolize power."

He said the eight-point proposal issued by the Coalition Government of Democratic Kampuchea (CGDK) "has made reasonable arrangements" in this respect. "The Vietnamese authorities have no right to set preconditions of this or that kind."

The eight-point proposal calls for withdrawal of Vietnamese troops followed by national reconciliation talks by all concerned parties in the country.

The Chinese ambassador said he hoped Kampuchea would "become a genuinely independent, peaceful, neutral and nonaligned country."

He said under the "effective leadership" of Prince Norodom Sihanouk, "the Kampuchean people would be able to decide their own destiny and future free from outside interference."

Li denounced Vietnam for trying to evade the question of troop withdrawal.

"The Vietnamese authorities try to present themselves as an outsider in order to rid themselves of the responsibility for aggression," he said.

He charged that the "national reconciliation" and "political settlement" the Vietnamese have proposed are designed "to obtain a legal status for the puppet clique in Phnom Penh."

"If this Vietnamese version of 'reconciliation' should be accepted," Li said, "wouldn't it be tantamount to recognizing its aggression of Kampuchea as a fait accompli?"

The Chinese official said the huge military expenditures "have worsened Vietnam's economy." Vietnam has become one of the poorest countries in the world and its people are in dire poverty, Li said.

Li called on Vietnam to change its policy of aggression and withdraw its troops from Kampuchea "to free itself from the heavy load of war and end its isolation in the world."

He blamed a superpower for blocking a political solution to the Kampuchean problem with its huge economic and military assistance to Vietnam, which invaded Kampuchea in 1978 and now has 180,000 troops stationed there.

"This superpower's policy of supporting the Vietnamese aggression has not only contributed to the suffering of the Kampuchean people, but also posed a serious threat to peace and security in Southeast Asia," he said.

Li spoke highly of the peaceful efforts of the Association of Southeast Asian Nations (ASEAN) in seeking a political settlement of the Kampuchean problem, and called on the UN members to adopt a draft resolution demanding complete Vietnamese withdrawal from Kampuchea.

The resolution, to be voted by the General Assembly tomorrow, was sponsored by 63 UN member states, including the six ASEAN members.

IPU Delegate on National Self-Determination
OW131448 Beijing XINHUA in English 1438 GMT
13 Oct 87

[Text] Bangkok, October 13 (XINHUA)—The Chinese delegate to the 78th Conference of the Inter-Parliamentary Union (IPU) stated here today the most serious cases of violation of the right to national self-determination are taking place in Palestine, southern Africa, Afghanistan and Kampuchea.

Fu Hao, head of the Chinese delegation, made the statement on the second day of the conference, which concentrates on human rights, refugee and colonial problems and peace in the Middle East.

"China has consistently supported the efforts by the international community for implementing the conventions, declarations and resolutions on human rights, and has taken an active part in the world activities of human rights," Fu said.

"We stand for the earnest implementation of the provisions of the UN Charter, consolidation of international cooperation in order to stop the brutal acts of large scale violation of human rights caused by colonialism, racism and foreign invasion and occupation," he declared.

"Despite all efforts made by the international community over the years, for promoting and safeguarding the basic rights," he stressed, "there have been frequent cases of violation of the right to national self-determination with the most serious ones taking place in Palestine, southern Africa, Afghanistan and Kampuchea."

It is the second time for Thailand to host the IPU conference. Set up in 1889, IPU serves as a forum to discuss political, economic, cultural and social problems in the world for parliamentarians of its members.

Commentary on Arms Race, Northern Europe
HK131028 Beijing RENMIN RIBAO in Chinese
7 Oct 87 p 6

["Commentary" by RENMIN RIBAO reporter Gu Yaoming (7357 5069 6900): "The Worries of Northern Europe"]

[Text] Stockholm, 4 Oct (RENMIN RIBAO)—In his recent speech in Murmansk, Gorbachev proposed that the Warsaw Pact and NATO should negotiate on reducing military activities in the waters of northern Europe to relax tension in that region. His speech concerns precisely what the people in northern Europe are interested in and worried about. Therefore, it has very quickly evoked different repercussions.

Recently, a series of discussion meetings have been held by strategy and security specialists here on the strategic position of northern Europe. People heavy-heartedly put forward this question: With the change of its strategic position, can the situation of northern Europe, which has all along been regarded as stable, be maintained?

The different but related diplomatic and defense policies pursued by the five north European countries since World War II have led to the emergence of a so-called "balance in northern Europe," a pattern of stability, in the region. As a matter of fact, northern Europe has become a buffer zone between the two superpowers, the United States and the Soviet Union. However, the intensified arms race at sea between the United States and the Soviet Union has made important changes in the strategic position of northern Europe seriously threatening the "balance in northern Europe."

Since the 1970's, Soviet military strength has rapidly increased on the Kolskiy Peninsula, which is adjacent to the border areas of Norway and Finland. Murmansk has become the biggest naval base in the world and it has assembled 65 percent of the Soviet strategic nuclear submarines. According to reports, once a war breaks out, the task of the Northern Fleet there is to sail into the Atlantic to cut off the connection by sea between the United States and Western Europe.

In face of this aggressive Soviet posture, the United States will not be outdone. It has set up two security lines to keep close watch on activities of the Soviet submarines, one from the northern tip of Norway to Bear Island in the Norway Sea and the other joining Greenland, Iceland, and Britain. It has also constantly increased its military strength at sea in this region. In the past 2 years, the United States has stepped up the "forward position defense strategy" in the northern waters of northern Europe. According to this strategic plan, once conflicts occur between the United States and the Soviet Union, U.S. submarines and aircraft carriers will quickly sail into the Barents Sea and the Baltic Sea to

launch sudden attacks on the Soviet missile submarines to undermine the Soviet capacity of cutting the transportation line on sea between Europe and the United States.

On the one hand, the two superpowers have stepped up their arms race on sea in northern Europe and the North Pole, continuously expanded the scale of military exercises, and strengthened their submarine and aircraft reconnaissance activities. On the other hand, out of consideration for their respective interests, they are not yet ready to break the existing pattern in northern Europe. Therefore, northern Europe remains a stable region politically, but militarily it is "fraught with tension and danger." The governments and people of the north European countries cannot but feel worried about this.

Some security specialists held that the Soviet leader's proposal is mainly directed at the U.S. forward position defense strategy. Northern Europe's strategic position is more important to Soviet security than other regions. The increase in U.S. strength in this region constitutes a direct threat to Soviet security. That the Soviet Union has fostered confidence by reducing military activities in the Baltic Sea, the North Sea, the Norway Sea, and Greenland is to a great extent to restrict U.S. strategic planning in this region.

What is worth noting is that in his speech, Gorbachev accused NATO of starting to deploy sea-based and land-based Cruise missiles in the north Atlantic to take the place of the land-based short and medium range missiles which will soon be eliminated. Therefore, the Soviet proposal can be regarded as an offensive in the arms control issue to maintain and strengthen the momentum in relaxing tension in East-West relations after the United States and the Soviet Union have reached an agreement in principle on medium-range missiles.

Speaking about the situation in northern Europe recently, U.S. President Reagan explicitly said that the United States does not agree to the establishment of a non-nuclear zone in northern Europe. Gorbachev's proposal is undoubtedly directed at this U.S. position. It is meant to exert pressure on the United States so as to put it in a passive position and at the same time to win the support of north European states.

Reducing tension and unstable factors in north Europe is the eager desire of the north European states and their people. However, the strength that determines the situation in the region is not northern Europe itself but the two major military blocks. After the Soviet Union has put forward the new proposal, the world's public opinion will concern itself more about the development of the situation in northern Europe. The people here hope that the two superpowers, the United States and the Soviet Union, will take some positive and concrete measures to relax tension in this region.

United States & Canada

Li Peng Meets Chairman of United Airlines *OW131140 Beijing XINHUA in English 1120 GMT 13 Oct 87*

[Text] Beijing, October 13 (XINHUA)—Chinese Vice-Premier Li Peng met here today with J. Hartigan, chairman of the United Airlines of the United States, and his party.

Li Peng briefed the American guests on the development of China's civil aviation service and the structural reform.

Hartigan said that the United Airlines is willing to increase cooperation with its Chinese counterparts, adding that his company will increase flights to China at a proper time.

Ji Pengfei Receives Delaware Delegation *OW131534 Beijing XINHUA in English 1518 GMT 13 Oct 87*

[Text] Beijing, October 13 (XINHUA)—Chinese State Councillor Ji Pengfei met here this afternoon a delegation from Delaware of the United States led by its Lieutenant Governor S.B. Woo.

The delegation arrived here today at the invitation of the China Council for the Promotion of International Trade. The American guests will discuss with Chinese officials the issues related to the expansion of trade and economic cooperation between the two countries and the possibility of U.S. investment in China.

Yang Shangkun Meets Lockheed Chairman *OW131526 Beijing XINHUA in English 1508 GMT 13 Oct 87*

[Text] Beijing, October 13 (XINHUA)—Chinese senior military leader Yang Shangkun said here today that China's air transportation should make a big stride forward.

Yang, vice-chairman of the Central Military Commission, made this remark while meeting Larry O. Kitchen, chairman of the board of the Lockheed Corporation here this afternoon.

Pleased with a good beginning of the cooperation between the Chinese Ministry of Aviation Industry and the Lockheed Corporation, Yang said this cooperation has a broad vista and should continue in the future.

Kitchen said the Lockheed Corporation is willing to expand its cooperation with China in various forms on the basis of equality and mutual benefit.

Yang got acquainted with Kitchen in May this year when he visited the United States.

Kitchen arrived here yesterday and would attend an opening ceremony of the Second Beijing International Aviation Exhibition tomorrow.

Present on the occasion was Mo Wenxiang, Chinese minister of aviation industry.

Round-Up Reviews U.S. Economic Recovery *OW131030 Beijing XINHUA in English 0909 GMT 13 Oct 87*

[“Round-up: U.S. Economic Recovery Reaches Peacetime Record (by Xia Zhaolong)” — XINHUA headline]

[Text] New York, October 12 (XINHUA)—The current economic recovery in the United States is 59 months old, setting a peacetime record for economic growth since the country began monitoring business cycles in 1854.

Although the recovery has taken a bumpy course, it has managed so far to muddle through without any sign of an imminent recession.

In the first half of 1987, the U.S. gross national product rose at an annual rate of 3.5 percent, higher than expected. And the nation's unemployment rate plunged to 5.9 percent in September, the lowest in eight years.

Faster growth is anticipated for the rest of 1987 as exports accelerate. Preliminary statistics indicate that exports were up by 12 percent from January to July, compared with the same period of 1986.

The Reagan administration appears optimistic about the economy's future. Treasury Secretary James Baker predicted in a Sunday television interview that the economy could grow by 3.5 percent this year, above the 3.2 percent target the government set in late-1986.

Most economists discount this rosy projection and put the growth rate at somewhere between 2.5 percent to 3.0 percent.

It is safe to say that 1988 will be another year of moderate expansion and the spectre of a slump is nowhere in sight.

The five-year recovery has almost doubled the average span of the previous recoveries, which ranged from 27 months to 35 months.

U.S. economic forecasters agree that the following factors have contributed to the prolonged growth:

Supply-side economics, adopted by the Reagan administration seven years ago, has played a leading role in pushing the weakened economy forward. The government stimulates demand by cutting taxes and increasing the military budget.

U.S. military spending soared to 2,734 billion dollars in 1986, almost double the 1981 amount. Hefty orders for military hardware have sustained many industries, which otherwise would have been plagued during business downturns over the last few years.

The economy surged at an annual rate of 7 percent in the first months of the recovery. This was primarily due to tax cuts and military spending boosts.

The situation was similar to that during the Vietnamese war when massive military production helped maintain the country's longest recovery of 106 months, from February 1961 to December 1969.

The high budget deficit is another vehicle the U.S. Government has used to induce a buoyant demand. The annual average federal deficit of more than 200 billion dollars in recent years has brought havoc to the country's balance of payments.

To bridge that deficit gap, the government has to borrow from foreign investors. According to some estimates, the United States will be 400 billion dollars in debt by the end of 1987, making the U.S. the world's largest debtor nation.

Many Americans concede that they are living on borrowed money and time. Fred Bergsten, a former treasury official in the Carter administration, once said "we now know the miracle of supply-side economics: foreigners supplied many of the goods and most of the money."

Many economists believe that slow growth is helpful in prolonging the expansion. Except for the robust 18 months in the outset of the recovery, the U.S. economy had edged up at a pace below 3 percent a year.

Allen Sinai, chief economist at Shearson Lehman Brothers Inc., a powerful Wall Street investment house, told *Xinhua* that the ongoing expansion started off from a bad recession. The economy bottomed out in '82 when the unemployment rate was 11 percent and production capacity utilization remained very low.

"It is like a large and empty water container, if you pour water slowly inside, it will last long," he explained.

The prolonged recovery is also related to the changed economic structure which now features the service industry. Some of the yardsticks used to gauge the goods-producing sectors cannot be applied to an economy with service industries accounting for more than 60 percent of the total labor force and gross national product.

Some U.S. economists think the business recoveries will extend longer and recessions will become shorter as banking, insurance, telecommunications and other service industries are developed.

Cooperation among the leading Western industries is another factor that has helped keep the faltering economy alive over the last two years.

The U.S. dollar has been devalued more than 40 percent against the Japanese yen and the Deutsche mark since late-1985. This has bolstered the competitiveness of U.S. products on the world market, and has begun to reverse the country's huge trade deficit. That deficit is expected to shrink this year from last year's peak of 156 billion dollars.

Increased exports in coming months will undoubtedly trim the trade shortfall and improve the balance of payments, creating a climate conducive to sustained growth.

However, the basic principle that the capitalist economy will regularly boom and bust cannot be changed.

Irwir. L. Kellner, chief economist at the Manufacturers Hanover Trust Bank in New York, told *Xinhua* "the longer we go without a recession, the greater the possibility that one is going to hit us."

Economists say that at least two hidden dangers may trigger a recession at any time. The first would be credit-tightening by the central banks. The recent wide gyrations of the bond and equity markets precisely reflect such worries.

The second would be the long-anticipated global financial crisis. Things would certainly be worse with another Third World debt crunch or if the dollar goes into a free-fall.

It is widely projected that 1988, with a presidential election in the United States, will be free from recession. The government will try its best to avert such an unhappy event in a year in which American voters go to the polls.

Most economists agree that a new recession will likely hit the country in 1989.

Soviet Union

Wu Xueqian Meets Soviet Envoy Rogachev
OW141148 Beijing XINHUA in English 1137 GMT
14 Oct 87

[Text] Beijing, October 14 (XINHUA)—Chinese State Councillor and Foreign Minister Wu Xueqian to visiting Soviet Vice-Foreign Minister E.A. Rogachev here this afternoon that the question of Kampuchea is the main obstacle to the normalization of the Sino-Soviet relations.

The key to a settlement of this question lies in an early and complete withdrawal of the Vietnamese troops from Kampuchea, Wu added.

Wu and Rogachev, who arrived ten days ago as special envoy of the Soviet Government to participate in the 11th round of Sino-Soviet consultations, also discussed some international issues.

Chinese Vice-Foreign Minister and the government's special envoy Qian Qichen as well as Soviet Ambassador to China O.A. Troyanovskiy attended the meeting which a Chinese Foreign Ministry spokesman described as proceeding in "a frank atmosphere."

Northeast Asia

DPRK Condemns U.S. Interference in Xizang
OW140928 Beijing XINHUA in English 0913 GMT 14 Oct 87

[Text] Pyongyang, October 14 (XINHUA)—An article published in the Korean newspaper "Nodong Sinmun" today says that the passage of an amendment on "Tibet problem" by the U.S. Senate is an interference in China's internal affairs.

Recently, the U.S. Senate passed the "Tibet problem" amendment based on distorted and fabricated facts confusing right and wrong, the article points out and says that some American publications have also carried articles slandering and smearing China, twisting the policy of the Chinese Government.

The article says that the American Administration summoned the Dalai Lama to the United States and let him conduct political activities against China. With the support and under the wing of the U.S. Administration, Dalai was not only engaged in giving political speeches slandering China but also raised a so-called five-point plan on "position of Tibet".

The essence of what the American Government has done is an attempt to split Tibet from China and damage the unity of China's nationalities, which is an interference in China's internal affairs, the newspaper reports.

To divide and rule has been an imperialist and colonialist common practice. Interference, splitting and sabotage of sovereign countries has been a consistent policy of imperialism, whether in the past or at present, the article notes.

The article also stressed that Tibet is, just as repeatedly clarified by the Chinese Government, an inalienable part of the People's Republic of China, which is acknowledged by many countries.

The U.S. Government has also admitted, a long time ago, that Tibet is part of China. However, it ignored international law and many requests by China and went so far as to interfere in China's internal affairs. This is one of the links in the plot the U.S. Government has recently developed against China, the article says.

The article concludes that the plot aimed at distorting China's reality with an attempt to drive a wedge between Tibet and other Chinese nationalities would not succeed.

Operation of DPRK Power Plant Marked
OW131045 Beijing XINHUA Domestic Service in Chinese 1531 GMT 10 Oct 87

[By reporter Zheng Baoqin]

[Text] Wiwon, Korea, 10 Oct (XINHUA)—China and Korea jointly celebrated the partial operation of the Wiwon Power Plant.

The No. 1 and No. 2 generating sets of the Wiwon Power Plant, located on the Korean side of the Yalu River, officially went into operation today.

The Wiwon Power Plant is built and run by the Sino-Korean Hydroelectric Power Company with investments from both China and Korea. The Korean side is responsible for the construction and administration of the power plant. Coinciding with the 42d anniversary of the founding of the Workers Party of Korea, some of the generating sets of this power plant went into operation, causing great joy for the Korean people.

This morning, a festive atmosphere prevailed at the Wiwon power plant where a solemn ribbon-cutting ceremony was held. Yi Chung-song, Korean chairman of the board of the Sino-Korean Hydroelectric Power Company and deputy chairman of the Korean Electric Power Industry Commission, and Zhang Fengxiang, China's vice minister of water resources and electric power and Chinese chairman of the board of the company, cut the ribbon, thereby launching the power plant into operation.

Also attending the ribbon-cutting ceremony were party and government leaders of Korea's Chagang Province Yi Sun-kuk and Han Yi-su; Zheng Qingchao, economic counsellor of the Chinese Embassy in Korea; and responsible persons of relevant departments of China's Jilin Province.

Following the ribbon-cutting ceremony, the Chinese and Korean comrades toured the construction site of the completed portion of the power plant and of those projects still under construction. They saw the No. 1 and No. 2 generating sets in operation, and extended their warm greetings to the Korean workers who were operating the generating sets.

Afterward more than 500 local workers held a mass celebration meeting.

The Wiwon power plant is designed to operate with six generating sets with a designed power generating capacity of 390,000 kilowatts. The total power generating capacity of the No. 1 and No. 2 generating sets is 130,000 kilowatts.

The Wiwon Power Plant is the fourth built by China and Korea on the Yalu River. With the solicitude and support of the governments of the two countries over the past 30-odd years, great progress has been made in strengthening cooperation between the departments of water resources and electric power of the two countries. In the 1950's, both sides first rebuilt the Shuifeng Power Plant. In the 1960's, they jointly built the Yunfeng power plant. In the 1980's they built the new Taipingwan Power Plant and the Wiwon Power Plant.

Southeast Asia & Pacific

Kang Shien Meets Philippine Oil Delegation HK140441 Beijing International Service in Tagalog 1130 GMT 13 Oct 87

[Text] In Beijing, Manuel Estrella, head of the Philippine National Oil Company, and other members of his delegation were welcomed by Chinese State Councillor Kang Shien at the Great Hall of the People this morning. Kang Shien said that since China and the Philippines established diplomatic ties, the two countries' friendly relations have continued to advance. He added that the visit by the Philippine delegation will further improve trade relations between the two countries.

Manuel Estrella said the Philippines can learn from China's economic experience. He said his country can also buy coal from China. It was learned that China plans to export 360,000 to 800,000 tons of coal to the Philippines.

Mr Estrella invited State Councillor Kang Shien to visit his country, and the latter was pleased with the invitation.

Lei Jieqiong Meets Thai Youth Delegation OW132115 Beijing XINHUA in English 1454 GMT 13 Oct 87

[Text] Beijing, October 13 (XINHUA)—Lei Jieqiong, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference and vice-president of the All-China Women's Federation, met here this evening with a group of Thai volunteers for child and youth development led by M. L. Anong Nilubol.

The Thai visitors are here as guests of the All-China Women's Federation. They had visited Guangzhou, Xiamen and Shanghai before arriving here.

Near East & South Asia

Li Xiannian On Situation in Xizang OW110926 Beijing XINHUA Domestic Service in Chinese 0742 GMT 11 Oct 87

[by reporter Zhu Yunlong]

[Text] Beijing, 11 Oct (XINHUA)—President Li Xiannian met with former Nepalese Prime Minister Loken-dra Bahadur Chand and his wife this morning in the Great Hall of the People.

During their cordial and friendly conversation, both the guests and the host stressed the longstanding close friendly relations between China and Nepal.

Both sides held that the exchange of visits between the senior leaders of the two countries has played a positive role in promoting the friendship between China and Nepal.

Referring to the situation in Xizang, President Li pointed out: The action of the U.S. Congress in providing a platform for the Dalai to make remarks aimed at splitting the motherland is erroneous and violates the principles of the Sino-U.S. "Shanghai Communiqué" and the "Communique on Establishment of Diplomatic Relations between China and the United States." The Chinese people are indignant at such an action of the U.S. Congress.

The U.S. Congress can only look after U.S. affairs and has no right to interfere in other countries' internal affairs, he said.

Li Xiannian stressed that Xizang is an inalienable part of the Chinese territory, a fact that other countries, including the United States, have all recognized.

He added that Dalai's activities to split the motherland go against popular will and can never succeed.

Li Xiannian also said China sincerely hopes that the South Asian countries will unite.

Han Lianlong, president of the Chinese People's Institute of Foreign Affairs, was present at the meeting.

Xizang Tourism Delegation Travels to Nepal

Departs Lhasa

OW101846 Beijing XINHUA in English 1511 GMT
10 Oct 87

[Text] Lhasa, October 10 (XINHUA)—A six-member tourism delegation from the Tibet Autonomous Region of China left here for a ten-day visit to Nepal today.

This is the first tourism delegation Tibet has ever sent abroad.

The delegation, led by Deputy Director Dagwa Gomba of the Tibet Regional Tourism Bureau, is making the visit at the invitation of the State Tourism Department of Nepal.

The delegation will have discussions with the Nepalese host on expanding cooperation in tourism between Tibet and Nepal in general and on tourism business and exchange programs in 1988 in particular.

Arrives in Nepal

OW131035 Beijing XINHUA Domestic Service
in Chinese 1706 GMT 10 Oct 87

[Text] Katmandu, 10 Oct (XINHUA)—Dagwa Gonba, deputy director of the Xizang Regional Tourism Bureau, said here today: The current situation in Xizang is stable, and tourist activities there are normal.

The six-member delegation of the Xizang Autonomous Regional Tourism Bureau led by Dagwa Gonba arrived here for a 2-week visit at the invitation of the Nepalese Government.

At the airport, Dagwa Gonba said that they came here to strengthen cooperation in promoting tourism between China's Xizang Autonomous Region and Nepal. He told a Nepalese official who came to meet him: Nepal has rich experience in the field of tourism. This experience is worth studying and learning from. He said: We are willing to expand friendly cooperation with Nepal on the basis of equality and mutual benefit.

India Praises Family Planning in PRC

OW130828 Beijing XINHUA in English 0825 GMT
13 Oct 87

[Text] New Delhi, October 13 (XINHUA)—China and other Asian countries and areas' success in family planning was praised by a report released here today.

The report was submitted to the Indian Government by the Indian delegation which attended the meeting of the United Nations Economic and Social Council for Asia and Pacific Committee on Population recently held in Bangkok, Thailand.

The report says, the progress of most of the Asian countries in controlling their population seems impressive. Countries and areas like China, Thailand, South Korea, Sri Lanka and Indonesia appear to have made remarkable progress in this direction.

China and South Korea have achieved very high level of couple protection rates and their birth rates are well under control.

The report urges India "to pursue the family planning programme with greater earnestness and give greater emphasis to temporary methods of contraception."

West Europe

Genscher Interviewed on PRC Relations

OW101850 Beijing XINHUA in English 1625 GMT
11 Oct 87

[Text] Bonn, October 10 (XINHUA)—Federal German Foreign Minister Hans-Dietrich Genscher said here today that mutual trust and consecutive political dialogues are two important pillars supporting Sino-Federal German relations.

In an exclusive interview with *Xinhua* on the eve of the 15th anniversary of diplomatic relations between the two countries, Genscher said that Sino-Federal German relations have developed rapidly during the period and that the two countries have laid a solid foundation for further developing their relations in the 21st century.

Despite differing social systems, China has proved one of Federal Germany's most important partners, Genscher said. "Many common interests bind us and China together."

He added that the two countries have a common obligation to safeguard peace and stability in all crisis-stricken regions in the world, and a common wish to develop and consolidate their bilateral cooperation. "Our two countries show mutual respect for each other's culture and civilization heritage," he stressed. Genscher pointed out that every year since 1982, when former Federal German President Karl Carstens visited China, the two nations have exchanged high-level official visits. He also noted that agreement was reached on a number of international issues during the second visit to China earlier this year by Federal German Chancellor Helmut Kohl.

Close bilateral cooperation in economy, culture and science bears political significance, Genscher said, adding that Federal Germany has become China's fourth largest trading partner while China is Federal Germany's second largest partner in Asia.

According to Genscher, the trade volume between the countries now stands at nine billion Deutsche marks (about five billion U.S. dollars).

Genscher also lauded China's policy of opening to the outside world and its reforms which, he said, have increased China's international position and the confidence of foreign countries in its future.

He said China's internal reform has brought about great economic progress and makes realistic its goal of quadrupling the national income.

Peng Chong Meets FRG Council Delegation

OW100840 Beijing XINHUA in English 0822 GMT
10 Oct 87

[Text] Beijing, October 10 (XINHUA)—Peng Chong, vice-chairman of the National People's Congress (NPC) Standing Committee, met here today with a delegation from the Advisory Commission of the Federal Council of the Federal Republic of Germany (FRG).

The delegation, led by Wolfgang Kahrs, plenipotentiary delegate to the Federation of the City State of Bremen, arrived here Oct 8 on a good-will visit to China at the invitation of the NPC Standing Committee.

The delegation is the first one sent to China by the Federal Council.

During the meeting, Peng Chong, on behalf of the NPC Standing Committee, expressed warm welcome to the FRG guests, saying that the delegation's visit is a good beginning for the contacts between the Federal Council and the NPC and will be conducive to the further development of the friendly relations between the two countries.

Kahrs expressed his hope that the cooperation between the two countries in the economic and technological fields and between the FRG states and Chinese provinces and cities will continue to develop.

Wang Hanbin, secretary-general of the NPC Standing Committee, attended today's meeting. He also held talks with the delegation yesterday.

Scientific Cooperation Discussed With FRG
OW101622 Beijing XINHUA in English 1521 GMT
10 Oct 87

[Text] Beijing, October 10 (XINHUA)—A group of Chinese and German scientists connected with the Alexander von Humboldt Foundation and the Max Planck Society of Federal Germany started a seminar here this afternoon.

Among the Chinese scientists are those who studied in Germany as Humboldt Fellows in the 1930s and younger ones who did research in Federal Germany since 1970s with the help of the foundation and society.

Sun Honglie, vice-president of the Chinese Academy of Sciences, said at the opening ceremony that the meeting will mark a new stage of scientific cooperation between the two countries.

W. Paul, president of Alexander von Humboldt Foundation and Heinz A. Staab, president of the Max Planck Society also delivered speeches at the seminar.

Ambassador of Federal Germany to China Hans Peter Hellbeck was present on the occasion.

French Experiments on PRC Satellite
OW100804 Beijing XINHUA in English 0727 GMT
10 Oct 87

[Excerpt] Paris, October 9 (XINHUA)—French scientists have conducted two experiments on a Chinese satellite orbiting around the earth and the results were described as encouraging.

The *Agence France-Presse* reported today that China launched a Long March-2 rocket, sending into the earth orbit a "China 20" satellite. It carried the experiment devices prepared by French scientists. [passage omitted covering photosynthesis of algae experiment]

Zhang Jingfu Meets Dutch Investors Group
OW091955 Beijing XINHUA in English 1430 GMT
8 Oct 87

[Text] Beijing, October 8 (XINHUA)—Chinese State Councillor Zhang Jingfu told a group of investors from the Netherlands here today that they can expect favorable investment climate in China.

Zhang briefed the guests on investment climate in China's special economic zones, the coastal cities, and Hainan Island for which more flexible policies will be adopted.

Johan Hendrik Wijsman, chairman of the Netherlands Council for Trade Promotion with China, who leads the visiting group, told Zhang that his colleagues have great interest in making investment in China and especially on Hainan, China's second largest island.

The group includes representatives from the ABN Bank and 17 leading foundations and insurance companies in the Netherlands.

Kang Keqing Meets Netherlands Delegation
OW131316 Beijing XINHUA in English 1306 GMT
13 Oct 87

[Text] Beijing, October 13 (XINHUA)—Kang Keqing, vice-chairman of the National Committee of the Chinese People's Political Consultative Conference and president of the All-China Women's Federation met and feted a Dutch Women's Delegation here this evening.

The delegation members include leaders of the major Dutch women's organizations.

The Dutch guests are here on a visit at the invitation of the All-China Women's Federation.

Bank of China Enters London Eurobond Market
OW100616 Beijing XINHUA in English 0206 GMT
10 Oct 87

[Text] London, October 9 (XINHUA)—The People's Republic of China entered the huge London Eurobond market today for the first time with a formal agreement by the Bank of China to issue 200 million U.S. dollars of floating rate notes.

The historic transaction actually took place on September 24-25 when all 200 million dollars of floating rate note (FRN) bonds were underwritten within four hours by 30 foreign banks. Today's formal signing of the bond issuance with those banks officially makes the Bank of China the first Chinese financial institution to enter the London market since the People's Republic of China was founded in 1949.

The floating rate notes have a term of five years and carry variable interest rates of one-sixteenth of one percent above the London interbank offered rate (LIBOR).

The Bank of China issue was offered through 30 banks from Britain, the U.S., Japan, France, Hong Kong, Switzerland, Canada and the Soviet Union.

"It is the most successful issue and reception of the market was excellent due to the fair price and commission, particularly the good credit of the Bank of China," said Martin Gordon, a director of S.G. Warburg Securities.

Lord Chandos, director of international corporate finance in Kleinwort Benson, noted the international nature of the issue, since all of the bonds went to international investors.

In this evening's signing ceremony at the Chinese Embassy, Bank of China Vice President Li Yumin said the issue came only "after the settlement of the property claims between the United Kingdom and China."

Li said the Bank of China will go to London to issue bonds at least once or twice a year.

The Bank of China is a major channel for developing external financial activities and raising foreign capital for the People's Republic of China. Since 1984, it has floated 10 external bonds in Japan, West Germany and Singapore in Japanese yen, Deutsche marks and U.S. dollars.

The latest loan was expected to be used to develop China's offshore oil industry, one of the most important projects in China's seventh 5-year plan.

The deadline for the final FRN payment was October 21, according to the Bank of China.

East Europe

Janos Kadar Delegation Visits Beijing

First Day's Activities

LD111848 Budapest MTI in English 1730 GMT
11 Oct 87

[Text] Beijing, October 11 (MTI)—Janos Kadar, general secretary of the Hungarian Socialist Workers' Party [HSWP], Sunday was familiarized with historical Beijing, the monuments of centuries-old Chinese culture in the capital of the People's Republic of China. In the morning Janos Kadar visited the Winter Palace in the Tiananmen Square. Janos Kadar was guided by his hosts through the halls of the palace, the imperial reception room, to the clock museum featuring the clocks and watches dating from the 18th century, then saw the imperial park.

After lunch the general secretary of the HSWP was ceremoniously received by the Chinese party and state leaders. The honour units of the land, air and naval forces lined up in front of the Great People's Hall, the venue of the high-level conferences, and Hungarian and Chinese national flags adorned the entrance. The first to greet the general secretary of the HSWP was Zhao Ziyang, acting general secretary of the Central Committee of the Communist Party of China and premier of the State Council. Zhao Ziyang then welcomed the members of Janos Kadar's party: Miklos Ovari, member of the HSWP Political Committee and secretary of the Central Committee, Geza Kotai, head of the Foreign Affairs Department of the HSWP Central Committee, Peter Medgyessy, minister of finance and co-chairman of the Hungarian-Chinese Scientific Inter-governmental Joint Commission, members of the HSWP Central Committee, and Laszlo Ivan, Hungarian ambassador to China.

Representing the Chinese hosts were Tian Jiyun, member of the Political Committee of the Chinese Communist Party Central Committee and secretary of the Central Committee and vice-premier of the State Council, Zhu Liang, member of the Chinese Communist Party Central Committee and head of the Foreign Affairs Department of the Central Committee, Liu Yi, alternate member of the Chinese communist party Central Committee and minister of commerce, co-chairman of the Chinese-Hungarian Economic, Trade and Technical and Scientific Cooperation Commission, Li Ximing, member of the Chinese Communist Party Central Committee and first secretary of the Beijing Party Committee, and Zu Angkang, ambassador of the People's Republic of China to Hungary.

Following the national anthems and a 21-gun salute, the commander of the military honour guard reported to Janos Kadar, who then inspected the guard accompanied by Zhao Ziyang.

The General secretary of the HSWP met with the representatives of the Hungarian Embassy and the Hungarian colony in Beijing. Janos Kadar and Zhao Ziyang then viewed the parade of the honour guard.

In the evening hours, Zhao Ziyang hosted a gala dinner in honour of the HSWP General secretary. Present at the dinner from the Chinese side, alongside the Chinese personalities who received Janos Kadar, were Wu Xueqian, member of the Political Committee of the Chinese Communist Party, state councillor and minister of foreign affairs, Hu Qili, member of the Political Committee of the Chinese Communist Party and Secretary of the Central Committee, Chi Pengfei, member of the Central Advisory Committee of the Chinese Communist Party, Huan Chen, member of the Central Advisory Committee of the Chinese Communist Party and the first ambassador of the People's Republic of China to Hungary.

The planned programme of the general secretary of the HSWP is to open Monday with plenary talks between the Hungarian and the Chinese negotiating groups.

Speaks With Zhao Ziyang

HK120604 Beijing CHINA DAILY in English 12 Oct 87
p 1

[By staff reporter Guo Zhongshi]

[Text] Friendly Sino-Hungarian ties have entered a "very encouraging" new stage, acting General Secretary Zhao Ziyang of the Chinese Communist Party said yesterday.

At the state banquet welcoming General Secretary Janos Kadar of the Hungarian Socialist Workers' Party, Zhao said Kadar's historic visit will promote in-depth development of the traditional friendship and the co-operative relations between the two parties, the two peoples, and the two nations.

Kadar, who arrived in Beijing on Saturday on his third visit to China, said Sino-Hungarian relations, in spite of temporary low waves in the past, have expanded into almost all fields of politics, economics and social life.

"We are particularly pleased and satisfied with the rapid development of our relations recently," Kadar said.

Zhao said China treasures Sino-Hungarian relations very much and firmly believes friendly ties not only will benefit reform and socialist construction in both nations but also help maintain world peace.

"It is the Chinese Government's firm principle to further promote friendly and co-operative Sino-Hungarian relations," Zhao said.

Zhao said Hungary has succeeded in cutting a road of socialist construction suited to the specific conditions in the country. He praised Hungary for persevering in reform of its economic system and modernization of its political system.

China's reform started later than Hungary's and has enjoyed the benefit of Hungary's experiences, Zhao said.

Success [subhead]

Kadar, who last visited China some 30 years ago, said China has achieved conspicuous success in developing agriculture, modernizing industry, improving people's lives and progressing in many other fields.

During nearly 20 years of reform, Kadar said Hungary has followed an untried path full of difficulties and setbacks. "We constantly faced the emergence of new problems which could not be solved by conventional methods," he said.

Zhao said the forthcoming 13th Party Congress in China will summarize the experiences of reform in the past nine years and set up principles for economic structural reform and reform of the political system.

He said the CPC Central Committee will, through the integration of theory with practice, expound a thesis of great importance: China is now in the primary phase of socialism.

He described this as the "essential foundation" for defining policies and line.

Zhao said the meeting will also take steps to elect younger leaders to the Central Committee.

Kadar expressed his wish for the success of the meeting, which he described as an event of great significance.

Touching upon the international situation, Zhao said China and Europe are important forces in maintaining peace. He praised the Hungarian proposal that small and medium-sized nations should play an active role in international affairs.

Kadar said Hungary shares the view with China that world war can be avoided and militarization in space should not be allowed.

Greetings [subhead]

During his five-day trip to China, Kadar will meet other top Chinese leaders.

On Saturday, Zhao called on Kadar at the state guesthouse and brought greetings from Chinese leaders Deng Xiaoping, Li Xiannian and Peng Zhen.

Kadar expressed his thanks by saying he was pleased to have an opportunity to visit China again.

Zhao recalled his visit to Hungary last June and said he was given a warm reception and hospitality by the Hungarian party, government and people.

"Though my stay in Hungary was short, I was deeply touched, he said.

"Our mutual visits have demonstrated that we are willing to enter into friendly co-operation, which conforms to the interests of our two peoples," Kadar replied. "The constant exchanges of experiences between the two parties are very important and beneficial."

The guests were greeted at the airport by Tian Jiyun, member of the Political Bureau of the CPC Central Committee and vice-premier, and Zhu Liang, head of the International Liaison Department of the CPC Central Committee.

Talks With Deng Xiaoping
*LD140810 Budapest MTI in English 0008 GMT
14 Oct 87*

["Janos Kadar in China—Tuesday Programme"—MTI headline]

[Text] Beijing, October 13 (MTI)—As reported, on Tuesday at Diaoyutai guest house, the residence of Janos Kadar, official talks were held between the general secretary of the HSWP and Deng Xiaoping, chairman of the Central Advisory Committee of the Chinese Communist Party.

The MTI correspondent reports that the one and a half hour talks were characterised by a cordial and informal atmosphere. After Deng Xiaoping recalled his first meeting with Janos Kadar 30 years ago, and summarized the changes that have taken place in China since the 8th Congress of the Chinese Communist Party, and which led from the intolerant ultra leftist distortions to the 3rd Plenum of the Central Committee of the Chinese Communist Party in 1978, an opening on the world, and the announcement of domestic reforms. As the politics emerging and learning from this hard experience proved right, during the preparation for the forthcoming 13th Congress of the Chinese Communist Party, the stepping up of the reform process is being envisaged. "Reforms in economy, and reforms in the system of political institutions—this is the only way for China to advance", said Deng Xiaoping adding that "we have to be particularly careful lest certain failures should divert us from our socialist road, and goals".

The general secretary of the Hungarian Socialist Workers' Party held similar views and said that "our society can advance only along the road of reforms, built on realities and free from cliches, and we can embark on the road toward a more effective economy only by retaining and strengthening socialist features". This intention is one of the "contact points" that provide opportunities for intensifying Hungarian-Chinese relations, and bilateral cooperation, taking the possibilities and conditions of the two countries into account. "We can fulfil our proclaimed intentions, the strengthening of Hungarian-Chinese friendship not by means of copying each other, but by drawing a lesson from the experience", said Janos Kadar, and wished successful and fruitful work for the forthcoming 13th session of the Chinese Communist Party.

In the afternoon the general secretary of the HSWP and his party visited the National People's Congress where he spent two hours, and met Li Xiannian, member of the Political Committee of the Central Committee of the Chinese communist Party and president of the People's Republic of China, and Peng Zhen, member of the political Committee, president of the standing Committee of the National People's Congress. In cordial talks the Chinese politicians were delighted to recall the Beijing

visit of Janos Kadar in the fifties and in complete accord they also took a stand for the many-sided development of Chinese-Hungarian relations.

At the end of the day the host Zhao Ziyang visited Janos Kadar. The closing talks were held at the guest house of the government. Zhao Ziyang bid farewell to Janos Kadar, and with his party he left for Tianjin.

Discussion With Peng Zhen
*OW140437 Beijing XINHUA Domestic Service
in Chinese 1554 GMT 13 Oct 87*

[Text] Beijing, 13 Oct (XINHUA)—Peng Zhen, member of the Political Bureau of the CPC Central Committee and chairman of the NPC Standing Committee, said here today: In developing socialist democracy and improving the socialist legal system, "we will have a lot of work to do; and first, it is necessary to enhance the people's concept of the legal system."

Peng Zhen met with Janos Kadar, general secretary of the Hungarian Socialist Workers Party, and his party at the Great Hall of the People this afternoon. He said: A socialist system should be self-perfecting. Reform is an inexorable trend in historical development.

Kadar said: Hungary started its reform earlier. It was because the Hungarian party and people realized, through practice, that the old methods of the 1950's no longer worked, and that we needed to find fresh ways and accumulate new experiences. He said: Socialist democracy is an important issue, and calls for letting the people participate in the process of policy making.

Peng Zhen said: China began to grasp the question of the legal system rather late. Efforts in this regard were sometimes lax. Following the 3d Plenary session of the party's 11th Central Committee, we decided to develop socialist democracy and improve the socialist legal system.

He said: We still have a lot of work to do. It is necessary to enhance the people's concept of the legal system to educate party members. Party style was bad after the cultural revolution; some party members abused their powers to seek personal gain. They must be educated. Communist Party members must carry out their activities within the limits permitted by the Constitution and the law.

Wang Hanbin, member of the CPC Central Committee and secretary general of the NPC Standing Committee, was present at the meeting.

Press Communique

LD140828 Budapest MTI in English 0032 GMT
14 Oct 87

["Janos Kadar in China—Press Communique"—MTI headline]

[Text] Beijing, October 13 (MTI)—Janos Kadar, general secretary of the Hungarian Socialist Workers' Party, met representatives of the press at the Diaoyutai guest house in the afternoon, and answered the questions of representatives of *New China* [News Agency], the *Renmin Ribao*, and radio and television.

He said that this summer he had held very important talks with Zhao Ziyang, acting general secretary of the Central Committee of the Chinese Communist Party, president of the State Council, and it was stated that Hungarian-Chinese relations are developing well. I think, emphasized the general secretary of the HSWP, the current talks also serve the many-sided development of the party, state, economic and cultural relations. I am particularly grateful for the warm and friendly reception in Beijing, because I think it is a sign of respect for the Hungarian People's Republic and the Hungarian people building socialism. It is especially interesting for me that I can compare Beijing with that of 30 and 31 years ago when I visited your capital twice.

I remember the meetings as very important events, partly because I had the opportunity for getting acquainted with leading comrades like Deng Xiaoping, Li Xiannian and Peng Zhen. I am happy to see them and talk to them again. I am especially delighted with the friendly, open and good atmosphere that characterized our talks.

The fact that I can see the pulse of life in Beijing again, is largely owing to the Third Plenum of historical significance of the Central Committee of the Chinese Communist Party, held in 1978, which bravely faced the problems, triggering a new realist and correct political process.

I consider the main achievement of my current talks that we held profound, and far-reaching talks on the many-sided relations, and stated that a firm basis is given for the development of Hungarian-Chinese relations, today and in the future, which means that in the fundamental questions concerning the existence of humankind, such as the struggle for a world of detente, the elimination of nuclear weapons, and the struggle for peace, we hold identical principles. We are striving for the same goals.

Both Hungary and China are in the historical phase of socialist construction when answers have to be found to identical or similar questions. The historical task currently facing the Hungarians is to master how to conduct an effective economy within socialist relations, retaining

the characteristics of socialism. We are taking the road of reforms. Life keeps raising new questions that require new socialist answers and cannot be given ready made replies.

I am impressed by the things I saw or heard from leaders and my partners to negotiations: Every opportunity for advance that can be built in the process of socialist construction, and can contribute to unfolding the creative force of socialism is considered. The goal is the same in Hungary as in China, we are working for a peaceful existence, and a better future of the people.

In my view Hungarian-Chinese relations have gained their place, and are settled on the basis of principles. This means that our useful cooperation serves the interest of the people of both countries. Both countries are searching for solutions adequate for characteristics of the country, and plan a socialist future on the basis of the given conditions. The exchange of information about experience is important. Chinese comrades are interested in the Hungarian characteristics of the building of socialism, including both our achievements and changes needed. Of course, we also are very interested in Chinese practice.

With regard to the prospect of our cooperation: China is a friendly partner of the Hungarian People's Republic and will continue to be. The relation has prospects, because it rests on a solid basis. It means mutual respect, appreciation and confidence, and that we can openly confer on issues where our opinions do not necessarily coincide. It is well known that China is a world political factor, and we are among small countries, but it is very important that we back the right side, the cause of peace. At present, some foreign policy moves, such as accord on peace. At present, some foreign policy moves, such as accord on short and intermediate range missiles currently under preparation, can give rise to hope for mankind. I found that our Chinese friends hold similar views on this. It can provide basis for that together or separately, united with other forces of peace we fight for the same high goal.

We see promising signs for European detente too. Soviet-U.S. negotiations are in progress, and the spirit of Helsinki is exerting an influence. Our goal is to establish mutual security in Europe in which every country can live in peace. Not only Europe but all states of the world have interest in this, said Janos Kadar.

Phoned by Zhao Ziyang

OW141220 Beijing XINHUA in English 1209 GMT
14 Oct 87

[Text] Tianjin, October 14 (XINHUA)—General Secretary Janos Kadar of the Hungarian Workers' Party wound up his official goodwill visit to China and left here on a special plane this afternoon.

Seeing off the Hungarian guests at the airport were Tian Jiyun, member of the Political Bureau of the Chinese Communist Party (CPC) Central Committee and vice-premier, Mayor Li Ruihuan of Tianjin, and Zhu Liang, head of the International Liaison Department of the CPC Central Committee.

Before Kadar left here, Zhao Ziyang, acting general secretary of the CPC Central Committee and Chinese premier, bid him farewell through telephone, saying that Kadar's visit will promote the relations between China and Hungary.

Kadar said that he is satisfied with his visit.

On behalf of Deng Xiaoping, Li Xiannian, Peng Zhen and himself, Zhao wished Kadar a happy journey, good health and long life.

In the morning, Kadar and his party visited Tianjin Economic Development Area in the company of Tian Jiyun and Li Ruihuan.

Tianjin has signed 81 projects of joint venture and cooperation with 12 countries and regions since the economic development area started to be built in 1984. Among these projects, 40 enterprises have gone into operation with their products being sold abroad.

Kadar also visited Miwa Products Development Co., Ltd. jointly invested by China and Hong Kong and Tianjin Hanaco Medical Co., Ltd., a China-Japan joint venture.

Kadar also toured the city and visited the Tianjin "cultural street", a shopping recreational center, the biggest architectural group in ancient style.

Li Ruihuan gave a luncheon to entertain the Hungarian guests at noon.

NEPSZABADSAG Editorial

OW091902 Beijing XINHUA in English 1637 GMT 9 Oct 87

[Text] Budapest, October 9 (XINHUA)—Hungarian leader Janos Kadar's trip to China October 10-14 will boost the relations of two socialist countries "that are remote in space but close in goals," the official Hungarian newspaper "Nepszabadsag" predicted today.

"Nepszabadsag" called it "encouraging" that the ties of the two countries and communist parties have warmed up after a two-decade interval.

Kadar's quick return of the visit to Hungary last July by Zhao Ziyang, acting general secretary of the Communist Party and China's prime minister, indicates, according to the paper, that relations between the two states and parties have entered a new phase.

The editorial stressed that the Kadar's visit to Beijing before the opening of the Thirteenth Congress of the Chinese Communist Party on October 25 best reflects "the spirit of brotherhood" in the ties between the two states.

"We are glad that China has treasured the historical experience and achievements of the Hungarian party and state," the editorial said, adding that China has for years studied the experience of Hungary's economic reforms and drawn positive conclusions from it. It added that Hungary had benefited as well from the example of reforms in China.

The editorial said that while the two countries differ on some world issues, they share the desire to safeguard world peace.

Yugoslavia's Mijat Sukovic Visits Beijing

Li Xiannian on Retirement

AU121909 Belgrade Domestic Service in Serbo-Croatian 1800 GMT 12 Oct 87

[Text] In Beijing Chinese President Li Xiannian received Mijat Sukovic, president of the Foreign Policy Committee of the Federal Chamber of the SFRY Assembly. In his talk with Sukovic, Li announced that he will give up all party posts at the forthcoming 13th CPC Congress. He said that after his presidential term of office expires, he will retire from this post. The Chinese president said that the forthcoming congress will be devoted to the further deepening of reforms and the continuation of the policy of China's opening toward the world. He stressed that there will be significant rejuvenation of all leading party organs at the congress.

Li Xiannian on 13th Congress

OW121318 Beijing XINHUA in English 1311 GMT 12 Oct 87

[Text] Beijing, October 12 (XINHUA)—Chinese President Li Xiannian said here today that the forthcoming 13th Congress of the Communist Party of China will deepen the reform and carry out the policy of opening wider to the outside world.

Speaking at a meeting with a delegation from the Committee of Foreign Policy of the Federal Chamber of the Yugoslav Federal Assembly, Li said the congress will further implement the party line adopted at the Third Plenary Session of the 11th party Central Committee in 1978, deepen the reform and carry out the policy of opening wider to the outside world.

Li briefed the guests on the achievements and setbacks in China's socialist revolution and socialist construction since the People's Republic of China was founded in 1949. "The Third Plenary Session of the 11th party Central Committee formulated a correct party line by summing up both positive and negative experiences.

On political reform, Li said, "Leadership at all levels should be rejuvenated and the system of life-long tenure for officials should be done away with, while promoting younger comrades to leading positions."

Referring to the separation of functions of the Chinese Communist Party from that of the government, Li said all units should adhere to the four cardinal principles (socialist road, people's democracy, leadership by the Communist Party, and Marxism-Leninism and Mao Zedong Thought).

Mijot Sukovic, chairman of the Foreign Policy Committee of the Federal Chamber of the Yugoslav Federal Assembly and leader of the delegation, said that gratifying achievements have been made by China in carrying out the reform and the open policy. Those achievements, and the deepening of China's reform and the policy of opening wider to the outside world are all of importance to the other socialist countries, he added.

Scientific Protocol Signed With SFRY
OW081723 Beijing XINHUA in English 1538 GMT
8 Oct 87

[Text] Belgrade, October 8 (XINHUA)—A Sino-Yugoslav protocol for scientific and technological cooperation through 1988 was signed here today.

The agreement includes 89 items, covering architecture, machinery, light industry, electronics and sanitation, on which the two nations will work together on a long-term basis.

Hao Jianxiu Receives Romanian Party Workers
OW121851 Beijing XINHUA in English 1533 GMT
12 Oct 87

[Text] Beijing, October 12 (XINHUA) — Hao Jianxiu, member of the Secretariat of the Chinese Communist Party Central Committee, met here this evening a group of vacationing Romanian party workers led by Lucean Dumitrescu, propaganda secretary of Vrancea County.

Latin America & Caribbean

Chilean Air Force Commander Visits Beijing
OW101330 Beijing XINHUA in English 1314 GMT
10 Oct 87

[text] Beijing, October 10 (XINHUA)—Wang Hai, commander of the Air Force of the Chinese People's Liberation Army, gave a dinner here this evening for Fernando Matthei Aubel, commander-in-chief of the Air Force of Chile and his party.

Gen. Matthei arrived here Friday on a friendly visit to China at Wang's invitation.

This morning, Wang presided over a welcoming ceremony for the Chilean officers.

Meets Wan Li

OW120800 Beijing XINHUA in English 0741 GMT
12 Oct 87

[Text] Beijing, October 12 (XINHUA)—Chinese Vice-Premier Wan Li met with the visiting Chilean Air Force Commander-in-Chief Fernando Matthei Aubel here this morning.

Wan Li noted that Chile, one of the first South American countries establishing diplomatic relations with China, has steadily increased its contacts with China in recent years.

He expressed the belief that the current visit of the Chilean Air Force chief would help further the friendly ties between China and Chile and between the Armed Forces of the two countries.

The Chinese vice-premier also thanked Chile for its help to China's scientific research activities in the Antarctic pole.

Chile wants very much to have more contacts with China, Matthei said, adding that a united and prosperous China is of great importance in the struggle against imperialism and hegemonism.

Present at the meeting was Chinese Air Force Commander Wang Hai.

The Chilean Air Force chief and his party, who arrived Friday, will tour a number of Chinese cities before leaving for home.

Li Peng Receives Argentine Trade Delegation
OW091214 Beijing XINHUA in English 1158 GMT
9 Oct 87

[Text] Beijing, October 9 (XINHUA)—Chinese Vice-Premier Li Peng met here today with an official delegation from Argentina led by Juan Higinio Gimini, secretary of state for industry and foreign trade.

The Argentine officials came here for the sixth meeting of the Sino-Argentine Mixed Committee of Trade and Economic Cooperation. They discussed with Chinese officials the possibilities of expanding trade and economic cooperation between the two countries.

The Argentine visitors will leave here for home tomorrow.

NPC Official Receives Mexican Writer

OW090730 Beijing XINHUA in English 0717 GMT
9 Oct 87

[Text] Beijing, October 9 (XINHUA)—Zhou Gucheng, vice-chairman of the Standing Committee of China's National People's Congress, met with Arturo Sotomayor de Zaldo, noted literary figure of Mexico, and his wife here today.

Wang Meng Attends Cuban Cultural Festival

OW120730 Beijing XINHUA in English 0720 GMT
12 Oct 87

[Text] Beijing, October 12 (XINHUA)—Cuban Ambassador to China Rolando Lepez del Amo held a cocktail party here this morning at his embassy to mark the Cuban cultural festival and for the coming visit to Cuba of a Chinese art ensemble.

Chinese Minister of Culture Wang Meng attended the party.

Zhu Qizhen Visits Caribbean Countries

Ends Belize Visit

OW080922 Beijing XINHUA in English 0854 GMT
8 Oct 87

[Text] Mexico City, October 7 (XINHUA)—Chinese Vice Foreign Minister Zhu Qizhen ended a state visit to Belize today.

Zhu arrived in Belmopan, the capital, Monday. During his stay, he discussed international relations and the development of Sino-Belizean relations with top government officials. The vice minister also met Chinese residents in Belize and representatives of Chinese-Belizean.

China established diplomatic relations with Belize last January.

Meets Barbados' Prime Minister

OW090818 Beijing XINHUA in English 0810 GMT
9 Oct 87

[Text] Bridgetown, Barbados, October 8 (XINHUA)—Barbados' Prime Minister Erskine Sandiford said that his country is willing to further develop friendly relations with China.

He made the remarks during a meeting with visiting Chinese Vice-Minister of Foreign Affairs Zhu Qizhen. They reviewed the progress of bilateral contacts since the establishment of diplomatic relations between Barbados and China ten years ago.

Sandiford praised China for its efforts to increase economic cooperation with Barbados. China has agreed to provide a long-term, low-interest loan to Barbados to build an in-door sports facility.

Sandiford said Barbados and China have identical or similar views on a number of international issues, including the safeguard of world peace and the struggle against apartheid.

Sharing Zhu's view on the strengthening of North-South cooperation, Sandiford said both developed and developing nations should sit down and find a solution to the debt issue. Increased assistance and free trade are necessary for the developing countries to make earnings for payments, he said.

Barbados' Acting Foreign Minister and Legal Affairs Minister Maurice King, and Chinese Ambassador to Barbados, Lu Zongqing were present during the talks.

Zhu also paid a courtesy call on Henry Forde, leader of the opposition in Parliament.

Official Views Xizang Issue, Dalai Lama
HK141011 Hong Kong LIAOWANG OVERSEAS
EDITION in Chinese No 41, 12 Oct 87, pp 3-4

[Special Report: "Official of the State Nationalities Affairs Commission Answers Questions by LIAOWANG Reporter on Xizang Issue"]

[Text] In the recent period, some Western newspapers, magazines, and news agencies gave much coverage to China's Xizang issue. There were realistic reports and also some rumors spread by people with ulterior motives. In order to clarify the facts, a responsible official of China's State Nationalities Affairs Commission recently answered the questions raised by *Liaowang* on Xizang's history and present conditions.

Question: Xizang is part of China's territory, but some people hold a different opinion on this. How do you look at this issue?

Answer: Xizang is an inseparable part of China's territory, and this is the result of historical development over a very long time. The Zang and Han nationalities maintain time-honored friendly relations. In the 7th century, such relations made substantial development. During the Yuan Dynasty (in the 13th century), Xizang was officially included in China's sovereign domain, and then Xizang's political system and religious system were stipulated by the central government. In the course of historical development, although the central authorities experienced changes in dynasties, and the local government in Xizang also changed several times, and even though foreign forces sometimes sowed discord between Xizang and the central authorities and committed aggressions against and interfered in Xizang, the historical fact that Xizang was an inseparable part of China could never be changed. So far, none of the world's countries has openly declared that Xizang is an independent country.

Question: The Dalai in the U.S. Congress recently called for turning Xizang into a "peace zone," saying that "China militarily occupied Xizang and carries out military expansion in Xizang." How do you comment on this?

Answer: As mentioned above, Xizang is an inseparable part of China. China stations a limited number of border military personnel and carries out necessary military activities on its own territory. This is a completely justifiable and reasonable action of exercising state sovereignty. In fact, the troops in Xizang not only shoulder the task of defending Xizang, but also shoulder the task of constructing Xizang.

In addition, the rumor about two nuclear bases in Xizang is completely ungrounded.

Question: Some foreign media said that the central authorities are moving large numbers of Han people into Xizang. Now there are 6 million Zang people and 7.5 million Han people in Xizang. What is the actual situation?

Answer: This is sheer rumor. The present population in Xizang Autonomous Region is barely more than 2.02 million people. Of this number, 1.93 million are Zang people, accounting for 95 percent; and there are only 73,000 Han people. Most of the Han people came to Xizang to assist Xizang's economic construction and scientific, cultural, and educational undertakings. In addition, there are some 7,000 Menba nationality people, some 2,000 Luoba nationality people, and some people of Hui, Naxi, and other minority nationalities. The rumor exaggerated the number of some 70,000 Han people into 7.5 million, and it was too ridiculous. When Xizang was peacefully liberated, the population there was less than 1 million people. In 1959 when the democratic reform began, there were merely 1.2 million people. The population increased to 2.02 million in 1986. On the population issue, the Chinese Government advocates birth control and family planning, and gives publicity to the scientific knowledge about giving birth to and raising healthy and intelligent children. However, this policy is limited to cadres and workers of the Zang nationality. The government has never pursued a birth control policy among Zang peasants and herdsmen. The stories about "Zang people being eliminated through coercive abortions and sterilizations" were completely untrue.

Question: Are there more Han people or more Zang people among the officials in Xizang? Is the current chairman of the people's government of Xizang Autonomous Region a Zang person? Has any Zang person been appointed to be first secretary of the regional party committee?

Answer: There are more than 40,000 cadres of Zang and other minority nationalities in Xizang, and they account for over 80 percent of the total number of cadres there. In the regional party committee, the regional People's Congress Standing Committee, the regional people's government, and the CPPCC Regional Committee, cadres of Zang and other minority nationalities account for 83.8 percent of all leaders. The primary leaders of all people's congress standing committees and people's governments at lower levels are completely cadres of Zang and other minority nationalities. The current chairman of the people's government of Xizang Autonomous Region is a Zang cadre—Doje Cering. Before him, other Zang cadres—Ngapoi Ngawang-Jigme and Doje Cedain—were also appointed to this position.

So far, no Zang nationality comrade has been appointed to be first secretary of the regional party committee. Our party organizations do not divide party members into different nationalities. A party member, no matter what nationality he belongs to, can become party cadre as long

as he measures up to the requirements of the CPC Constitution. Therefore, the appointment of a party secretary is not a question related to the autonomy of a nationality region.

Question: It was rumored in foreign countries that more than 100 prisons in Xizang jailed thousands of political prisoners and that many people were sent into exile. Is this true?

Answer: This is completely unfounded. At present, there is only one prison in Xizang Autonomous Region and two labor reform camps, jailing a total of 974 culprits. Among them, 946 are culprits who committed such crimes as murder, injury, robbery, rape, deceit, and theft, accounting for 97 percent of the total prisoners. There are only 28 culprits who are guilty of counterrevolutionary crimes. Since the founding of the New China, the penalty of exile, a penalty from the Middle Ages, has been given up. In the whole region of Xizang, there is not a single person in exile. In addition, the Government has released all people who were jailed for participating in the armed rebel in 1959.

Question: The U.S. Congress and Amnesty International have demanded the release of ideological criminal Geshi Luosang Wangzhu. Is he innocent?

Answer: First I would like to tell you that there is no "ideological crime" in Chinese criminal law. So there is no ideological criminal either. There does not exist the problem of "cracking down on political dissidents."

A native of Anduo County in Nagqu Prefecture, Luosang Wangzhu is now 73 years old. In 1960, he was arrested for taking part in a counterrevolutionary rebellion and was sentenced to 10 years' imprisonment. After he was assigned to work, he posted reactionary leaflets in 1979 and 1980. He also created the "History of the Independence of Xizang" and incited activities to split the motherland. He was rearrested on 26 October 1981, according to Chinese law and was sentenced to 18 years' imprisonment. We regret to say that some people have used the case of such a person to stir up confusion.

Question: Some people in foreign countries say that the CPC is exercising the policy of "religious extermination" toward Xizang. Is that true?

Answer: The Chinese Government has always exercised the policy of freedom of religion, and the religious activities of religious believers are protected by the state Constitution. During the 10 years of turmoil in the "Cultural Revolution," the Tibetan compatriots, like the people in the rest of the country, suffered serious losses in various aspects, and the policy of freedom of religion was no exception. In 1979, however, we began to rectify the "leftist" mistakes and resume and implement the policy of freedom of religion. The state has allocated some 24 million yuan for the construction of 977 monasteries and spots for religious activities. Four Buddhist

institutes of the Tibetan language have been set up in Xizang, Sichuan, Gansu, and Qinghai. Many monasteries have run courses for training religious personnel, and monasterial management committees comprising living Buddhas and influential lamas have been formed to take care of all monasterial affairs. The Tibetan Buddhist traditional festival—the grand praying ceremony (the "monamuqinmo" in the Tibetan language)—was resumed in 1986. Great Master Bainqen, honorary chairman of the Chinese Buddhist Association, personally sponsored the establishment of the Chinese Buddhist Senior Institute of the Tibetan Language in Beijing on 1 September this year. Buddhist monks and nuns as well as religious believers in Xizang now fully enjoy freedom of religion.

Question: Some people say that the Central Government plundered Xizang economically. Is that true?

Answer: Facts are contrary to this statement. Xizang's economic development is inseparable from the aid and support of the Central Government. Since 1952 the state has granted financial subsidies totaling 10 billion yuan to Xizang.

From 1953 to 1983, the central authorities invested a total of 2.36 billion yuan in Xizang's capital construction. Beginning from 1984, the central authorities entrusted 9 provinces and cities to build 43 projects in energy, communications, education, and culture. These projects are now completed and have been put into operation.

From 1980 Xizang was totally exempted from agricultural and animal husbandry taxes and the taxes levied on collective enterprises, individual businessmen, and industry and commerce, which totaled over 10 million yuan a year.

According to statistics covering the period from 1979 to 1984, the central authorities provided 200,000,540 yuan in subsidies to Xizang which included funds to support the underdeveloped areas, capital construction subsidies for minority nationality areas, subsidies for undertakings in the border regions, and relief funds.

The central authorities have transferred large numbers of commodities from the interior to Xizang every year. The loans granted to the peasants and herdsmen have also increased remarkably.

In addition, the central authorities have also allocated a large amount of material, financial, and human resources to help Xizang build highways, develop education and public health, and repair temples and monasteries.

Xizang's social economy has developed rapidly over the past 30 years or so. In 1985 the total output value of Xizang's industry and agriculture reached 886 million yuan, a 373 percent increase over 1959 when democratic

reform was introduced. The total output value of agriculture and animal husbandry reached 909 million yuan. Grain output totaled 1.063 billion jin, an increase of 190 percent over 1959. The number of animals in stock totaled 21 million, an increase of 130 percent over 1959. Starting from scratch, industry developed gradually. The total output value of industry amounted to 160 million yuan a year. Now Xizang has a power industry, mining, a building industry, building materials, a forest industry, wool spinning, match-making, printing, paper-making, food, machine repairing, and other trades. There were no highways in Xizang before liberation. Now a traffic network with the Sichuan-Xizang, Qinghai-Xizang, Xinjiang-Xizang, and Yunnan-Xizang highways as arteries, with Lhasa as the center, and with a total mileage of 21,600 kilometers has taken shape. All the counties in Xizang, except Metuo County, have highways and 81 percent of the districts and villages are connected by highways. Moreover, there is air service from Lhasa to Chengdu, Beijing, Xian, Shanghai, Nanjing, Guangzhou, and Katmandu.

Before liberation there were only a small number of schools and those were for children of aristocrats. Now Xizang has 3 institutions of higher learning, 14 technical secondary schools, 64 secondary schools, and more than 2,300 primary schools. The colleges and secondary and primary schools have a student body of 148,000.

Regarding medical service and public health, there were only a few clinics before liberation and they served only the aristocrats and senior level officials. Now the whole region has 770 hospitals and clinics. Each prefecture has a Zang hospital. The peasants, herdsmen, and urban inhabitants enjoy free medical care.

Xizang's nationality culture and traditions have been inherited and special attention has been given to both the spoken and written Tibetan language. From 1980 to 1986, more than 600 kinds of books were published in Tibetan. Special efforts have been made to promote the study of Xizang's history, culture, and social science. Commencing last year, the "Xue Dun (7185 7319) Festival" has been resumed.

By the end of 1986, the whole region had five broadcasting and two relay (guangbo chaizhuan 1639 2330 1567 6567) stations. The rate of radio coverage reached 30 percent. In addition, Xizang had 3 television relay stations, 68 small ground satellite stations, and 84 video relay stations. The rate of television coverage reached 32 percent.

It should be noted that the state has never taken a single fen from Xizang. The funds provided by the state to Xizang have been used to develop local construction and improve the people's living standards. As for the military expenses of the troops garrisoned in Xizang, they are allocated from military spending.

Question: What do you think about the Dalai's recent visit to the United States and other countries?

Answer: The Chinese Government has already made representations to the countries concerned, through diplomatic channels, to clarify its stand. The Dalai Lama is no pure religious figure but a political activist living in exile abroad. We oppose the Dalai's assuming any political activities in any capacity abroad, and we still more oppose his airing on some occasions some political views that may undermine the unity of the motherland and the solidarity of nationalities. The Chinese Government does not want to see any official personnel of any government entertain the Dalai and his representatives in any form.

Question: What do you think about the political riots that recently occurred in Lhasa?

Answer: The two riots occurring in Lhasa on 27 September and 1 October, in which a small number of splittists took part, were serious political incidents stirred up and engineered by the Dalai clique. Their purpose in doing so is to undermine the unity of the motherland, as well as stability and solidarity in Xizang, in response to the evil activities that the Dalai is conducting abroad to disrupt the country.

In the past few years, thanks to the implementation of the policy of reform and opening up, the common efforts by the people of all nationalities in Xizang, and the concern and support from the central authorities and other parts of the country, Xizang has achieved remarkable success in both the economic and cultural fields, a political situation characterized by stability and unity has emerged, religious faith has been respected, and the people's livelihood has been substantially improved. Any attempt to stir up riots, any sabotage, and any activities to promote splittism go against the people's will and will encounter strong opposition from the Chinese people of all nationalities, including the vast number of Tibetan monks and laymen.

We can never tolerate the Dalai's attempt to undermine stability and unity in Xizang and to split the motherland. Those who try to sabotage stability and unity and to disrupt the country will certainly come to no good end.

More Culture, Education for Peasants

*OW131328 Beijing XINHUA in English 1239 GMT
13 Oct 87*

[Text] Beijing, October 13 (XINHUA)—China's rising standard of living is bringing more culture and education to the country's 800 million peasants.

The number of cultural stations and centres in the country's rural areas has grown from around 50,000 in 1983 to 61,000 last year, today's "Guangming Daily" says.

Last year the stations and centers put on 350,000 theatrical performances.

More peasants have access to cultural activities through broadcasts and loudspeaker systems, the paper says.

At the end of 1986 China's rural broadcast lines extended to eight million kilometers and 277,818 broadcast stations in towns and villages provided news services and cultural programs.

Rural education has also developed rapidly. Enrollments are up in both schools and adult education centers. The range and variety of courses has expanded and extended even to remote and mountainous areas, says the paper.

Last year, 95.8 percent of the school-age children could study at schools, said the paper.

Enrollment at China's 115,000 schools for rural adults is 7.43 million while graduates from the schools have totalled 4.79 million.

There are now 274 peasant colleges and special technical schools with an enrollment of 86,000.

Peasants per capita annual net income rose to 424 yuan (more than 114 U.S. dollars) in 1986, a three-fold increase over the 134 yuan earned in 1979.

Qiao Shi Supervision of Foreign Contracts
*OW131055 Beijing XINHUA Domestic Service
in Chinese 1538 GMT 10 Oct 87*

[By reporter Li Shangzhi]

[Excerpts] Beijing, 10 Oct (XINHUA)—Qiao Shi, member of the Political Bureau of the CPC Central Committee and vice premier of the State Council, addressed a forum at the Ministry of Supervision this afternoon, attended by relevant State Council departments involved in supervising foreign economic contracts. He said: Firmer efforts to check and investigate misconduct in China's economic contracts with foreign countries will ensure smoother development of the policy of opening to the outside world. While conducting economic exchanges with foreign countries, we must persist in reform and the open policy on the one hand and step up supervision and inspection on the other.

After hearing a briefing on the preparations for the establishment of the Ministry of Supervision on 1 July this year, Premier Zhao Ziyang said: Supervising departments should start working while in their preparatory stage. After its inauguration, the Ministry of Supervision should first check problems in foreign economic contracts and their implementation. Checking and investigating misconduct such as asking for and accepting bribes, engaging in graft, and neglecting one's duty should be the main tasks as well as the focus of future work of supervising departments. In line with this

instruction from Premier Zhao Ziyang, the Ministry of Supervision has since its establishment concentrated efforts on checking economic contract with foreign countries. Marked results have been achieved by the relevant State Council departments over the past few months.

Speaking at the forum were also Li Shouren, vice minister in charge of the State Machine-Building Industry Commission; Chen Chun, vice minister of the coal industry; Liu Yan, assistant minister of foreign economic relations and trade; and Bai Wenging, head of the Commerce Ministry's leading group on inspection of foreign economic contracts and discipline inspection group. Reviewing the progress in the work of their respective departments, they said: Since the State Council launched the work of checking on misconduct in foreign economic contracts last July, leaders of most units have paid keen attention and assumed a positive attitude in setting up inspection groups and leading bodies. In the course of checking, instances and indications of violation of law and discipline have been discovered, and some are currently under investigation. However, the progress in checking has been rather uneven. Some units have failed to pay due attention.

Wei Jianxing, minister of supervision, spoke at the forum. He said: The Ministry of Supervision has urged all units, especially those that have signed a large number of economic contracts with foreign countries, to complete detailed checks of contracts and seriously handle violations of law and discipline by the end of the year.

Wei Jianxing said: Judging from the cases brought to light, there are indeed quite a few deficiencies in economic exchanges with foreign countries. Some problems, such as asking for and accepting bribes, engaging in graft, trading economic information, and neglecting one's duty, are rather serious. If such unhealthy practices are not promptly checked, they will impede the efforts to open to the outside world.

He said: Opening to the outside world and supervision supplement each other and form one integrated whole. Our principle is to persist in reform and the open policy on the one hand and step up supervision and inspection on the other. We will not change the general principle and policy of reform and opening to the outside world just because some decadent, selfish state functionaries fail to pass tests in the course of reform and opening to the outside world; nor will we neglect or slacken supervision and inspection while devoting ourselves to economic and technical exchanges with other countries and to other work. To ensure smooth development in reform and opening to the outside world, we must pay keen attention to supervision and inspection as well and carry out supervision and inspection in the course of reform and opening to the outside world. [passage omitted]

In his address, Qiao Shi said: Checking and investigating misconduct in economic contracts with foreign countries is an important matter concerning the policy of reform and opening to the outside world. Leaders at all levels should pay close attention to and support this work. Leaders of supervising departments should play an exemplary role in upholding the principle and resisting interference in the form of favoritism. At the same time, they must seek truth from facts, deal with problems in a businesslike manner, and do things strictly according to policy and law. Severe punishment must be meted out to people, regardless of their position, who pervert justice for the sake of a bribe at the expense of state political and economic interests. It is necessary to [words indistinct] state functionaries who conscientiously conduct economic exchanges with foreign countries. It is hoped that all departments and localities closely cooperate in checking foreign economic contracts in order to ensure the success of the work.

Qiao Shi said: The CPC Central Committee and the State Council have attached great importance to the establishment of the Ministry of Supervision and the building of a solid contingent of supervising personnel. It is hoped that they will perform their duty by following a healthy workstyle.

Journal Views Nature of Economic Reform

HK140230 Beijing JINGJI GUANLI in Chinese No 9, 1987, pp 14-20

[Article by Jiang Haibo (3068 3189 3134): "Ideas on the Nature of Economic Structural Reform"—edited by Liu Qichang (0491 0366 2490)]

[Text] At present, the question of whether our country's economic structural reforms are socialist or capitalist in nature is a major question which touches on the implementation of the line since the 3d Plenary Session of the 11th CPC Central Committee, and must be clarified.

I. What Beneficial Revelations Does Historical Experience Provide Us With the Question of Understanding the Nature of Reform? [subhead]

There is a viewpoint which holds that economic structural reform is a characteristic phenomenon only of socialism and that prior to socialist society, it did not exist. This viewpoint does not tally with historical facts. If we look at the history of economic development we see that economic structural reform also occurred in pre-socialist society. Of course, the situation and nature of economic structural reform in pre-socialist society was different, in major and basic ways, from that in socialist society. However, the generality of things is included in all individualities. Thus before analyzing the socialist nature of our country's economic structural reforms, it will be of revealing significance to analyze the nature of economic structural reform in pre-socialist society.

In our country's Western Zhou period (1066-771 B.C.) the establishment of a feudal lord economic system had begun. The basic characteristics of this system were that the land, which is the basic means of production in agriculture, belonged to the feudal lords and there existed the "nine squares" field system. The serfs were personally dependant on the feudal lord and the major form of feudal exploitation was rent in the form of service. By the Eastern Zhou period (770-403 B.C.), the landlord economy began to gradually replace the feudal lord economy. In the Warring States period the landlord economy occupied the major position. The basic characteristics of the landlord economy were: Land belonged to the landlord; there was private ownership of land; the main form of relationship between peasants and landlord was a contract relationship; while the major form of feudal exploitation was rent in the form of material goods.

The change from a feudal lord economy to a landlord economy was, within the scope of the feudal economic system, a major economic structural reform. However this reform, instead of basically changing the feudal economic system actually improved it. When we say improve, the basic meaning is that the landlord economic system after the reforms, while unable to basically resolve the contradiction between the landlord and peasant classes, did tally with the demands of development of the productive forces at that time. According to the basic viewpoints of historical materialism we can only define the basic meaning of improvement in this way. Historical facts also show this. The major manifestations of the landlord economy according with and promoting development of the social productive forces at that time were: Population as the source of labor greatly increased; in agriculture a major production sector in society, production technology such as plowing, the use of oxen in plowing, fertilizers, and irrigation canals saw wide application; the smelting of iron witnessed great development and implements made of iron began to be generally used in all areas of social production; the commodity economy saw great development; and so on. Of course, under a feudal economic system, the development of the social forces always meant a deepening of the exploitation of the peasants by the landlord class. However, it is because of this that, in the sense of the growth of interests of the masters in the feudal economic relationships, we can see the change from feudal lord economy to landlord economy as an improvement of the feudal economic system.

To be sure the feudal lord economy and the landlord economy were both feudal economies, but the feudal lords and the landlords had a clash of interests. Thus, in our country's history the process of change from feudal lord to landlord society meant a long period of wars by which the landlords wrenched political power from the feudal lords. However, the aim and result of these wars was not for the purpose of using an economic system which was completely different to the feudal economic system to replace the feudal lord system, but to replace it with a feudal landlord economy more in accord with the

development of the productive forces. Seen from this angle, we are not prevented from saying that the change from a feudal lord to a landlord economy was an improvement of the feudal economy.

Perhaps this point can explain, to a certain degree, the following two historical phenomena from one angle. First, according to historical material, our country's feudal lord economy had a history of less than 600 years from emergence to elimination. However the landlord economy, from its establishment to its elimination, had a history of close to 2,400 years. The latter spanned a period four times as long as the former. We must also recognize that although an overall characteristic of the development of the productive forces in feudal society was the stagnation of production technology, the development of the productive forces during the landlord economy period was much faster than that during the feudal lord period. Thus, this historical phenomena proves that the landlord economy could accommodate a much higher degree of social productive forces than could the feudal lord economy. Second, the following historical phenomenon can prove this point. The European feudal manor system (similar to the Chinese feudal lord economic system) lasted for 1,000 years, while the Chinese landlord economy system extended for close to 2,400 years. Obviously many facts contributed to the disparity, but a major factor would seem to be that the landlord economy could accommodate higher social productive forces than the manor economy. It should be pointed out that while historical works analyze the reasons for the long period of China's feudal society they never place stress on this point. In consideration of the situation it is necessary to bring up this point. However my aim in raising this point is only to further explain, from the historical materialist angle, that the change from the feudal lord economic system to the landlord economy was an improvement of the feudal economic system.

In the development of capitalist society from the free competitive to the monopoly stage, the economic management system has also seen major changes. In the capitalist free competition stage, the bourgeois countries used Adam Smith's microeconomics as a theoretical base and implemented laissez-faire macroeconomic management models and a market economy system. After entering the imperialist stage, and after the economic crisis of world capitalism in 1929-1933, some capitalist countries (like the United States) changed and began to adopt Keynesian macroeconomic theories which opposed economic non-interference and advocated increased state intervention in the economy. They thus implemented a system whereby the market economy was the base and it was assisted by necessary state macroeconomic management. Of course at the same time, the fascist countries of Germany, Italy, and Japan were, in accordance with the needs of an imperialist war of aggression, turning their peacetime economies towards wartime economies and implementing controlled economic systems. However, after the conclusion of World War II, all the capitalist

countries which participated in the war based themselves on a market economy and further strengthened state macroeconomic management.

The characteristic of this economic management structure is that the market economy has a certain degree of planning. The implementation of this type of economic management structure reflects the demands of the development of state monopoly capitalism, and the demands made by the development of the socialization of production and of the deepening of the various contradictions of capitalist society thus induced (Footnote 1: See my "Research Into the Problems of China's Industrial Economy" Yunnan People's Publishing House, 1984 pp 400-430). But here when we say that it reflects the demands made by the socialization of production, we refer to the reflection within the limits whereby it does not basically change the capitalist private ownership system. Thus it is only a partial, not basic, reflection. However, although it was a partial reflection it clearly played a positive promotional role in the development of production in capitalist countries after the war. Of course the development of production can further deepen the basic contradictions of capitalist society. However, this economic management structure played a positive promotional role with respect to the development of social production. For example, the annual average growth rates of British industry in the three periods 1901-1910, 1911-1937 and 1938-1948 were 1.2 percent, 1.5 percent and 0.8 percent respectively, while in the period 1957-1980 this rose to 2.2 percent. In Japan, over the three periods (1895-1899) to (1905-1909), (1905-1909) to (1915-1919), and (1915-1919) to (1935-1938), the growth rates were 6.4 percent, 8.8 percent and 6.8 percent respectively. In the period 1951-1980 this rose to 11.5 percent. Thus, we can see the changes in the economic management system mentioned above as an improvement of the capitalist economic management structure. This improvement had two aspects: On the one hand it accorded with the demands of the economic development of state monopoly capitalism and on the other, it partially accorded with the demands of the socialization of production.

From this we can see that regardless of whether we speak of the economic reform of feudal or capitalist society, as long as it accords (or partially accords) with the demands of the development of the social productive forces, and it is carried out by the various ruling classes of the society under the protection of their political power, then it can only lead to improvement of the socioeconomic system. It cannot lead to essential changes in the socioeconomic system. Despite the fact that during the process by which the feudal lord economy changed to a landlord economy there was a long period of warfare, because the warfare was between the feudal lords and the landlords, who were ruling classes, the landlord economy accorded with the demands of the development of the social productive forces at that time. This resulted in the transition from the feudal lord economy to the landlord economy improving the feudal economic system and not bringing about essential change to the feudal economic system.

From the foregoing analysis, what beneficial enlightenment can we gain? First, that the socialist socioeconomic structure, like the pre-socialist society can and must undergo changes. In fact, long ago in 1890 Engels made this prediction: "I believe that so-called 'socialist society' will not be an immutable thing, but should like all other systems, be seen as a society in constant change and reform." (Footnote 2: "Complete Works of Marx and Engels" Vol 37 p 443) Second, the reform of the socialist economic management structure cannot lead to essential changes in the socialist economic structure in a normal situation, and can only result in its improvement. Socialist society has even better conditions to realize this. This is because reform of the socialist economic structure does not, like economic reform in pre-socialist society, proceed from the interests of the ruling class which constitutes a small proportion of society's population. Rather it proceeds from the basic interests of the working class and other laboring people who constitute the majority of society's population. It is carried out under the leadership of the Communist Party which is well-versed in Marxism and which wholeheartedly serves the people. It is also carried out under the protection and support of the people's democratic dictatorship which is led by the working class and which has the worker-peasants alliance as its base.

Of course if we want to clearly explain the socialist nature of our country's economic structural reforms it is far from sufficient just to rely on the analysis of historical experiences. We also need to specifically analyze the concrete situation in respect of how our country's economic structural reforms are improving our country's socialist economic system.

II. Reform Is Improvement of the Socialist Economic Structure [subhead]

The socialist nature of our country's economic structural reforms can be clearly explained through the specific situation in many areas but the most basic and most direct point is the reform's improvement of the socialist economic system. This improvement has two different levels of content. The first is the partial reform of the socialist relations of production themselves, and the second is the basic reform of the economic structure which is a concrete manifestation of the socialist relations of production. At present there is an idea that improvement of the socialist economic system by economic structural reforms includes only the second aspect and does not include the first aspect. This idea is not in complete accord with reality.

We will first analyze the economic structural reforms as an improvement of the socialist production relations. It should be affirmed that after the basic completion of the socialist transformation of private ownership of the means of production in 1956, our country basically established socialist relations of production. For example, this included socialist public ownership of the means of production, a planned economy, and distribution

according to work. However, at the same time we must recognize that the sessional production relations are far from perfect. Reform of the economic structure is intended to improve those imperfect parts. Its basic contents are: First, prior to economic structural reform although our country already had two forms of socialist public ownership that is socialist state and collective ownership, in fact collective state ownership was carried out as "quasi-state ownership." The capitalist economy and state capitalist economy were thoroughly eliminated. The individual economy and even collective peasant's family sidelines were basically done away with as "the tails of the capitalist economy." Thus for a long period, in our country there only existed a single socialist ownership system and a "quasi-state ownership system". After economic structural reforms are completed, although it will be socialist state ownership, it will not be the same pure socialist state ownership as before the reforms. Rather, it will have new contents, with this state ownership having some collective ownership components. It is also this point which will cause the state-owned enterprises to become relatively independent commodity producers. This is the first aspect. The second is that at that time, although the socialist state ownership system will still have the guiding position in the national economy, collective ownership will no longer be "quasi-state ownership". Rather it will be one of the basic factors in a socialist economy which has the state economy as its main part. Third, the individual economy and the economy of private and state capitalism will, within certain limits, see development as necessary supplements to the socialist economy. What we have referred to here are only some basic forms of ownership systems in socialist society. The various derived mixed or joint ownership forms which are related to the development of the commodity economy have not been touched upon. Clearly, the first and the second aspects can be directly seen as an improved of the socialist ownership system itself. While the third aspect cannot be directly seen as an improvement of socialist ownership, as far as their role as a necessary supplement to the socialist economy is concerned, it has already become a component part of the socialist economic system and thus can be seen as an improvement of this system.

Second, prior to the reforms, socialist commodity production existed mainly in the socialist state and collective ownership systems. This included only a portion of agricultural products and industrial products (mainly industrial consumer goods). The state's monopoly purchase and sale system which comprised part of the highly-centralized economic management system, also included the production of these goods. Thus, as far as this part was concerned, it was not in the true sense of the term commodity production. As to non-socialist commodity production, it basically did not exist. After the reforms are completed, not only will there be commodity economy relationships between socialist enterprises (including state enterprises and collective enterprises), but there will also be commodity relationships

between socialist and non-socialist enterprises. Not only will products (consumer products and means of consumption, including housing) be part of the commodity economy, but major production elements (including means of production, funds, labor, technology and information) will be also. Clearly, these can all be seen as an improvement in the socialist commodity economy and the socialist commodity economic system.

Third, prior to reform there was a planned commodity economy in which production was regulated mainly by mandatory state plans. The regulatory nature of the law of value and the market mechanism were basically excluded. This both fettered enterprises' enthusiasm and produced dislocation between production and demand. In addition it reduced the efficiency of resource deployment. Thus, this planning system was largely imperfect. After the reforms are completed, there will be a planned commodity economy in which planning regulation will be combined and will supplement regulation by the law of value and regulation by market mechanism. This will bring into play both the enterprises' enthusiasm and raise operational efficiency and will be able to guarantee the balanced development of the national economy and improve resource deployment efficiency. Thus it can be seen as an improvement of the planning system.

Fourth, prior to reform there was no recognition of state-owned enterprises as relatively independent commodity producers, and no recognition of state-owned enterprises' ownership and power of control over labor remuneration funds. This point determined that it was difficult to overcome the egalitarianism between enterprises and to implement the principle of distribution according to work. Of course we should recognize that the wage system established after the 1956 wage reforms did initially establish in state-owned enterprises the principle of distribution according to work. Subsequently however, because of the influence of "leftist" mistakes, the principle of distribution according to work was equated with bourgeois rights, and it was even said that this was a capitalist thing. Added to this was the blind seeking of high speed and high accumulation, which put the squeeze on necessary consumption. In this way, not only were piece-work wages and bonuses repeatedly subject to strangulation, but even hourly wages to a large degree were not manifesting the principle of distribution according to work but had changed into an egalitarian thing. After reform is completed the position of state-owned enterprises and relatively independent commodity producers will be established, and they will have ownership and operational power over labor remuneration funds. This will not only create the basic economic conditions for, and will also be beneficial in, state-owned enterprises implementing the principle of distribution according to work and overcoming egalitarianism. In this way a system of distribution according to work, which accords with the demands of the socialist commodity economy, can truly be established and improved.

Fifth, prior to reform it was also desirable to achieve common prosperity on the basis of a socialist economic system. However there also existed the various above-mentioned imperfections of the socialist economic system and, in particular, no system of distribution according to work which accorded with the socialist commodity economy had been established. Added to this was the mistaken tendency, which had existed for a long time in production construction, of producing for production's sake, and the resultant idea from the influence of egalitarian ideology that common prosperity meant becoming prosperous at the same time. This resulted in it being impossible to establish a real and complete system for common prosperity. Thus, results in this area were far from ideal. After reform is completed, through improvement of the above-mentioned socialist economic systems, and especially through the establishment of a system of distribution according to work which accords with the socialist commodity economic system, a road will be formed by which some areas, some enterprises, and some people will become prosperous first, in order to realize the common prosperity of all people. Further, through reform it will be possible to realize the long-term, stable, coordinated, and highly effective development of socialist construction. Thus, it will be possible to effectively realize the common prosperity of all people. This is an extremely important basic aspect in improving the socialist relations of production. [Footnote 3: According to Comrade Deng Xiaoping, avoiding polarization and realizing common prosperity is an "extremely important aspect" of the socialist system itself and is a "basic principle" of socialism. This is contained in "Building Socialism With Chinese Characteristics" (Revised and Enlarged Edition) People's Publishing House 1989 pp 117-121]

Sixth, prior to the reforms and under the conditions of implementing a planned product economy, a unity between the state's interests (the state as representative of socialist state ownership), and the interests of the staff and workers of state-owned enterprises was also implemented. However because the position of state-owned enterprises as relatively independent commodity producers was not recognized and enterprises were considered as workshops within a factory, the relatively independent economic interests of enterprises were obliterated. Also, because the interests of state-owned enterprises were a centralized manifestation of the interests of the enterprises' staff and workers, the negation of the relatively independent enterprises' economic interests concurrently also meant the negation to a large degree of the interests of staff and workers. Thus, at that time it was not possible to truly achieve, in a complete way, a unity of the interests of the state, the enterprises, and the staff and workers. After completion of reform the enterprises will become relatively independent commodity producers and enterprises' relatively independent economic interests will be affirmed.

At the same time this will mean that the individual interests of the staff and workers will be fairly fully manifested. Thus it will be possible to achieve, in a real

and overall way, the unity of state interests, enterprise interest, and the individual interests of staff and workers. This is another important aspect in perfecting the socialist relations of production. [Footnote 4: According to Engels "The economic relations of any society firstly manifest interests." (Selected Works of Marx and Engels" Vol 2 p 537)]. Socialist economic relations are also thus. As far as a socialist state ownership economy is concerned, this aspect's basic characteristic is the unity of the state's interests, enterprises interest, and the individual interests of staff and workers.

As to the role of economic structural reform in the basic improvement of the economic management system, this is very clear. That is to say, under a traditional economic management system enterprises rely mainly on mandatory state plans in production, and enterprises are appendages of state administrative organs, and essentially there is no market system. This is not in accord with the demands of a socialist planned commodity economy and causes the socialist economic system, which should be full of vitality, to lose its vigor. Through economic structural reform the enterprises' vigor will be increased, a market system will be established and perfected, and a macroeconomic management, which has indirect control as its major aspect, will be established and perfected. This will be able to accord with the demand of the development of a socialist planned commodity economy.

III. A Basic Yardstick for Judging Reform's Improvement of the Socialist Economic System—Another Important Manifestation of the Socialist Nature of Reform [subhead]

According to the Marxist view whether or not economic structural reform improves the socialist economic system can only be judged by social practice; in this respect the basic yardstick is whether or not it promotes the development of the social productive forces.

The role of economic structural reform in promoting socialist social production is manifested in many areas. However, we can summarize. Carrying out economic structural reform can combine: the socialist economy; which has developed as the major part of the socialist national economy, and the various non-socialist economies which are necessary supplements of the socialist economy; planning the market and macroeconomic management with microeconomic enlivening; enterprises' internal motivation (achieving the enterprise's production targets) with external pressure (competition); enterprises' motivation and restraining mechanisms; some laborers becoming prosperous first with the common prosperity of the whole body of laborers; and it can combine the interests of state, the enterprises and the individual laborers. In this way it will be possible to unify speed, scale, and benefits and unify production,

exchange, and distribution. Thereby it will be possible to achieve a benign cycle of socialist reproduction and achieve long-term, stable, and coordinated development of the economy.

Since the 3d Plenary Session of the 11th CPC Central Committee our country's practice in economic structural reform has already initially proved this point. First, economic structural reform has promoted readjustment of the industrial structure. Over the period 1980 to 1985 the ratio of our country's primary, secondary, and tertiary industrial output value as percentage of the GNP changed from 34.5:46.5:19 to 35.9:42.3:21.8. From 1978 to 1985, the output value ratio of agriculture, light industry, and heavy industry as percentages of the gross value of industrial and agricultural output changed from 27.8:31.1:41.1 to 34.3:30.7:35.0. These figures show that our country's originally backward primary tertiary industries have shown quite serious development, bringing changes to the very uncoordinated situation between the primary, secondary, and tertiary industries, and there has been basic trend toward coordination in the proportional relationship between agriculture, light industry, and heavy industry which was originally seriously dislocated. Second, economic structural reform has promoted the improvement of macroeconomic benefits. According to material provided by relevant research units calculated on the basis of unchanging 1952 prices, the proportion of total social output (national income), in respect of total social input (the sum of the net value of fixed assets, floating funds, and labor remuneration in society), increased from 34.4 percent in 1978 to 36.2 percent in 1986. It can be seen that although the poor economic benefits situation has existed in our country for a long time, this has not been basically changed and there have been improvements in macroeconomic benefits. Third, economic structural reform promotes a quite high rate of growth in the economy. From 1953 to 1978 the average annual growth in our country's national income was 6 percent, while from 1979 to 1985 the average growth was 8.8 percent. Fourth, economic structural reform promotes quite a swift growth in national economic strengths. Per capita national income is a comprehensive indicator of the growth in national economic strength. In 1978, our country's per capita national income was 315 yuan. By 1986 this had risen to 735 yuan. Even excluding the price increase factor per capita national income almost doubled. Fifth, economic structural reform promotes improvement in people's living standards. The average level of consumption of our people rose by an average annual figure of 2.2 percent in the 26 years from 1953 to 1978. In this period there were 5 years in which the level fell and thus virtually every 5 years there was 1 year in which the level fell. However in the 7 years from 1979 to 1985 the average annual growth in the level of consumption was 8.6 percent, and every year saw growth. Sixth, economic structural reform promotes sustained and stable development in the economy. In the 26 years from 1953 to 1978 total social output value rose on average 7.9 percent a year. In the year with the fastest growth the

increase was 32.7 percent, while in the year with least growth there was a decrease of 33.5 percent. These figures differ from the annual average growth rate by 24.8 and 41.4 percent respectively. In four of the years there was a decline and on average there was 1 year of decline each 6 years. In the 8 years from 1979 to 1986 total social output value rose every year at an annual average rate of 10.1 percent. In the year of fastest growth it grew 16.5 percent, while in the slowest growth year the increase was 4.6 percent, differing from the average growth figure by 6.4 and 6.5 percent respectively. It can be seen that although our country's long-term situation of unstable economic growth has not basically been changed, the degree of stability has greatly increased.

Admittedly the above are not just the results of economic structural reforms since 1979. They are also the result of new changes in economic development strategy centered on the change in the traditional economic development strategy from centering on expediency to centering on results. At the same time we should recognize that the reforms we have made are only initial reforms and that bringing into play the results of some reforms takes time. We should also recognize some reform measures will be imperfect or even fail, thus leading to less than ideal results or even negative effects. However, no matter what, the great role played by reform in promoting our country's economic development is an indisputable fact. We can fully predict that following the deeper development of our country's economic structural reforms and their basic realization, we must further fully prove: "Reform is the necessary road for China in developing the productive forces" and is a "condition for the long-term, sustained and stable development" of the Chinese economic (Footnote 5: Deng Xiaoping: "Building Socialism With Chinese Characteristics" Revised and Enlarged Edition, People's Publishing House 1987 pp 114, 134)

It needs to be further pointed out that the development of the productive forces in socialist society is not only a basic yardstick for assessing the improvement of the socialist economic system, but is also the basic task of socialism. [Footnote 6: According to Deng Xiaoping: "The tasks of socialism are many, but a basic one is development of the productive forces." (Ibid p 116)] This is because first of all socialism must thoroughly overcome capitalism. According to Lenin: "Labor productivity is, in the end, a thing of the very greatest importance in guaranteeing the victory of a new social system....capitalism can be completely overcome and indeed will be completely overcome, because socialism can produce new and much higher labor productivity." (Footnote 7: Lenin: "A Great Beginning" in "Selected Works of Lenin" Vol 4 p 16) Second, seen from the macroeconomic angle the major aim of socialist production is to improve the material and cultural lives of the people. The major measure in achieving this aim is to develop the social productive forces. Third, the consolidation and perfection of the socialist economic

system is realized in the process of continually resolving its own special contradictions. The resolution of many of the contradictions must rely, to a large degree, on development of the social productive forces. As far as the resolution of these special contradictions in the present economic structural reforms is concerned, the development and resolution needs a relatively relaxed economic environment and requires that the state, enterprises, and laboring individuals have the appropriate capacity to bear the tasks. It is especially necessary that the market system has a relatively high degree of growth. All of these require development of the social productive forces. In 1921 when Soviet Russia was just beginning to implement new economic policies, Lenin pointed out: "In the future, in developing the productive forces and the cultural field, each step of progress and growth must at the same time improve and transform our Soviet system." (Footnote 8: "On the Role of Gold at Present and After the Complete Victory of Socialism" in "Complete Works of Lenin" Vol 33 p 89). This conclusion by Lenin is in accord with our country's actual situation. Fourth, socialism establishes the material base for the future realization of communist society. This even more requires reliance on the development of the social productive forces. It can be seen that with the socialist system as a fixed precondition, the development of the social productive forces is socialist development. Seen from this angle, the development of the social forces of production promoted by the economic structural reforms can be seen as an extremely important manifestation of the socialist nature of reform.

IV. Analysis of the Viewpoint That Reform Is Capitalist in Nature [subhead]

Among the people in our country who say that our country's economic structural reform is capitalist in nature, a very small number are hostile elements. Their claim is a reflection of the sincere wish of their class but will not be discussed at present. However the majority of such people are subject to ideological problems. In terms of understanding, the occurrence of these ideological problems results from the following two reasons:

First, they overlook four basic facts: That reform is an improvement of the socialist economic system, that the socialist nature of reform manifested itself in promotion of the development of the social productive forces, that the indivisibility of the relationship between the two basic points of the party's line since the 3d Plenary Session of the 11th CPC Central Committee, (that is the four cardinal principles and the overall principles and policies of socialist modernization involving reform, opening up, and invigoration); and the fact that the various structural reforms and basic measures prevent the reoccurrence of the "Cultural Revolution". (Footnote 9: See Deng Xiaoping: "The Reform of the Leadership Systems of the Party and the Government" in "Selected Works of Deng Xiaoping" (1975-1982) pp 287, 288, and 293) This is one aspect. Another is

that they take some negative phenomena and capitalist factors which occurred together with the reforms (just like burping might accompany a meal) as well as some negative and capitalist phenomena, which were produced by reform measures being imperfect or even wrong, overestimated their seriousness and stubbornly put all of these down as inevitable results of reform itself. Thus they reach the completely mistaken conclusion that reform heads to capitalism.

Second, they have not cast off the fetters of the dogmatic, ossified, and "leftist" ideas which have existed for a long time. (This is in fact the historical idealist viewpoint in which social relations of production are observed in isolation from the socialist productive forces). This is mainly seen in that they see our country's socialist society at the present stage as a developed socialist society, which the founders of Marxism conceived as being built on the basis of highly developed relations of production in capitalist society, and as a product economy society in which the commodity economy has been eliminated. They have not yet established the Marxist viewpoint which has been developed since the 3d Plenary Session of the 11th CPC Central Committee. This viewpoint is basically that the socialist society, which was built through the new democratic and socialist revolution on the basis of semicolonial and semifeudal old China, can only be the initial stage of socialism and that the socialist economy is still a planned commodity economy. In this way, they turn things on their head and see the improvements we are making in many aspects to the socialist economic system through economic structural reforms as engaging in capitalism. This is, of course, preposterous.

Agricultural Resources Survey Completed

OW'131222 Beijing XINHUA in English 1200 GMT
13 Oct

[Text] Beijing, October 13 (XINHUA)—A massive survey of China's agricultural resources has been completed, "People's Daily" reported today.

The survey, which took eight years and covered all parts of the country except Tibet, involved 400,000 people including 130,000 technicians.

It has provided a scientific basis for officials to plan agriculture, the newspaper said.

Zones have been delineated for certain crops. For example, cotton bases have emerged in the valleys of the Yellow, Huaihe and Haihe Rivers; double-cropping rice bases have been designated along the middle and lower reaches of the Yangtze River; and bases of grain, sugar beet and oil-bearing crops are centered in areas of northeast China and Inner Mongolia.

In the survey, scientists obtained more than 40,000 scientific findings, and they have drawn 380,000 maps on the achievements and written reports totalling 10 million Chinese characters.

In line with new agricultural zonings, Hebei, Hunan, Fujian, Jiangsu, Zhejiang and Shandong Provinces all reported good results.

Before the survey, many officials relied on experience to plan crops, but this often led to many setbacks, such as overgrazing of grasslands and unrealistic reclamation from lakes, the paper said.

East Region

Rui Xingwen at Shanghai Deputies Meeting *OW111143 Shanghai City Service in Mandarin* 2300 GMT 10 Oct 87

[Excerpts] The Shanghai Municipal CPC Committee held a meeting on people's congress work on the morning of 10 October, calling on cadres of the whole municipality to raise their understanding of the nature, status, and functions of the people's congress, strengthen the party's leadership over people's congress work, and bring the role of local state power into full play. The meeting urged people to do a good job in the reelection of deputies to the municipal People's Congress in accordance with the requirements of the political structural reform and the stipulations of law. According to the decision of the NPC Standing Committee and the municipal People's Congress Standing Committee, the seventh session of the eighth municipal People's Congress will be held next January to elect deputies from Shanghai Municipality to the Seventh NPC. The various districts and counties will hold people's congresses between February and March to elect deputies to the ninth municipal People's Congress. The first session of the ninth municipal People's Congress will be held between April and May to elect a new Standing Committee of the municipal People's Congress as well as leaders of the municipal government, and the municipal People's Court and Procuratorate.

Rui Xingwen, Jiang Zemin, Yang Di, Wu Bangguo, and other municipal party committee leaders attended the meeting.

Yang Di, deputy secretary of the municipal party committee, presided over the meeting. Wu Bangguo, deputy secretary of the municipal party committee, gave a report on behalf of that committee. [passage omitted]

Rui Xingwen, secretary of the municipal party committee, and Mayor Jiang Zemin spoke at the end of the meeting. They called on party organs and party and government cadres at all levels as well as party members of the whole city to pay attention to and support the work of the People's Congress, and hoped for more progress of the People's Congress work in the new situation.

Shanghai Mayor Meets Polish Delegation *OW100053 Shanghai City Service in Mandarin* 2300 GMT 8 Oct 87

[Text] Mayor Jiang Zemin met and feted a Polish Government delegation led by Zbigniew Szalajda, first deputy chairman of the Council of Ministers of Poland and chairman of the Commission for Science and Technical Progress, at (Jiujiang) Hotel last night. The two parties carried out a sincere and friendly conversation.

Mayor Jiang said: Not long after liberation, Shanghai and Poland established a relationship of friendly contacts. I hope that during the process of economic and scientific and technological development, and that in the course of carrying out structural reforms, the two countries will learn from each other, help one another to overcome each other's shortcomings, and make continuous efforts to develop the friendship between the people of our two countries.

Deputy Chairman Szalajda expressed his admiration for the speed of economic development in Shanghai. He said: The barter trade between China and Poland has reached a value of 25 million Swiss francs, but there is still potential to be tapped. He expressed the hope that cooperation with China can be further enhanced.

The Polish Government delegation is visiting China at the invitation of Song Jian, state councillor and minister in charge of the State Science and Technology Commission, and arrived in Shanghai yesterday morning.

Southwest Region

Returnees to Xizang 'Likely' Police Targets *HK140720 Hong Kong AFP in English 0636 GMT* 14 Oct 87

[Text] Beijing, Oct 14 (AFP)—Some 3,000 Tibetans who returned to Tibet over the past years from exile in Nepal and India are likely to become the first targets of a Chinese police crackdown after the recent pro-independence protests in Lhasa, Western analysts here said.

They said this was the result of the visibly active part played in the demonstrations by many of the returnees, who have close ties with the Dalai Lama and various underground groups.

"We are the first to be watched, and now we are the first to disappear," said a 30-year-old Tibetan from India, interviewed last week in the Tibetan capital.

Last Friday, shortly after Lhasa was rocked by three demonstrations in eight days, he and dozens of his peers carrying Indian passports returned to Dharamsala.

The Indian city is home to 100,000 Tibetans and their leader, the Dalai Lama, who fled there in 1959 after a failed uprising against the Chinese.

Chinese officials say 2,988 Tibetans from Nepal and India returned to Lhasa between 1979 and 1984, some as tourists or to visit their families, others responding to a call from Beijing to visit the Tibet Autonomous Region and see for themselves how the country has changed under communism.

Like overseas Chinese back to the mainland, Tibetan returnees get special treatment from the government, which gives them a "compatriot's certificate," a temporary travel document that allows them to enjoy Chinese citizenship for the duration of their stay.

But most returnees interviewed in Lhasa last week were disappointed.

"The Chinese thought it was a good idea for us to see the so-called great changes they had wrought," said a 27-year old Tibetan from Dharamsala. "But frankly, I was shocked by what I saw. I had never seen worse poverty than in Lhasa, even in India."

Many of the returnees said they became more radical after returning from their years in exile.

"It was not a happy return, but it woke me up to something", said one. "It was good to see my country, but I felt anger that it is ruled by a communist power."

During the Lhasa protests, many returnees formed an information network between monks, independence groups and the Dalai Lama's exiled followers.

Visible by their more fashionable dress, they helped foreign reporters meet monks, translated hand-written independence documents and memorized dozens of protest posters that were later torn down by the Chinese police.

They said they came under heavy police surveillance after the bloody October 1 riot, which left six to 13 Tibetans dead, according to various sources.

"It is time to go back to India, the Chinese know that I can only make trouble here," a Tibetan interpreter from India said.

"There are ears all around," said another activist, also from India. There is so much pressure from the Chinese that some of us have become informers."

He said he would take back to Dharamsala photos of people he suspected of being "traitors."

Xizang Bodies, Figures Condemn 'Splittists'

*HK140121 Lhasa Xizang Regional Service in Mandarin
1130 GMT 13 Oct 87*

[Text] On 12 October, the United Front Department of the regional party committee and the Nationality and Religious Affairs Commission of the regional government jointly held a forum attended by patriots in the upper religious circles. The participants strongly condemned the crimes of a handful of splittists who undermined the reunification of the motherland and nationality unity and disrupted the good social order, unity, and stability in this region.

(Zengxin Nosang Gyancan), deputy chairman of the Xizang branch of the China Buddhist Association, said at the forum: The two political incidents of trying to split the motherland occurring in Lhasa violated the fundamental wishes of the people of all nationalities throughout the country, including the people of Xizang. I want the relevant government department to punish the principal culprits in these two incidents according to law.

Gongbasa Tudeng Jihan, vice chairman of the regional CPPCC Committee, said at the forum: The Dalai clique carried out splittist activities by making use of religion and tried to disturb the implementation of the party's policy on religion in Xizang.

Lhalu Cewang Doje, vice chairman of the regional CPPCC Committee, said at the forum: A small number of U.S. senators interfered in the internal affairs of our country. This is absolutely intolerable. Xizang must never be separated from the big family of the motherland.

(Jiangze Awang Cilai), executive of the Xizang branch of the China Buddhist Association, said: I previously participated in the independence movement. After receiving the party's education, I came to understand that this demonstrated my ignorance of history and that the independence movement would get nowhere. Now, Xizang is experiencing its best situation in all historical periods. Under such a situation, any attempt to make Xizang independent and any splittist activity are certainly futile and unpopular.

Danzeng Jiacao, vice chairman of the regional CPPCC Committee, said at the forum that he will spare no effort to struggle together with the party and the people for safeguarding the motherland's unification and the unity of all nationalities.

(Dishu Jiangdan Desang), vice chairman of the Xizang branch of the China Buddhist Association, said that Xizang is an inseparable part of the motherland and this fact is accepted by the whole world. The vast number of lamas in Xizang will never agree with the independence demand of a small number of people.

Jimzhong Gyancan Puncog, vice chairman of the regional CPPCC Committee, cited the fact that the people in Xizang have improved their livelihood and have ease of mind in recent years and refuted the splittists' rumors. He said that we all know clearly what a miserable life the people led under the rule of the Dalai clique in the old society. The Dalai clique tried to carry out splittist activities by using religion; its attempt will just be futile.

(Derong Cizhu), permanent executive of the Xizang branch of the China Buddhist Association, said that a small number of people ruined state property in the riots. They are the scum of our Zang nationality, and must be severely punished according to law.

(Jixi Wangtu), vice chairman of the Xizang branch of the China Buddhist Association, said: Some people I know returned to Xizang from abroad and asked me how Xizang's situation is now, and I answered them that the situation is very good. With such good policies, I have faith in the party and will follow the party throughout my life, and I will not regret it even I die for this.

(Fumi Qangba Luosu), vice chairman of the Xizang Branch of the China Buddhist Association and president of the Xizang Buddhist Seminary, said: After the occurrence of the incidents, the party and government reiterated that most lamas are good people and the temples in general are behaving well. I am determined to act according to the party's policy and make contributions to the cultivation of good successors in the religious circles.

Xizang Department Issues Notice on Unity
HK131430 Lhasa Xizang Regional Service in Mandarin
1130 GMT 13 Oct 87

[Report: "The Propaganda Department of the Xizang Regional CPC Committee Issues Notice Demanding the Whole Region Expose the Dalai Clique's Splittist Activities and Safeguard the Political Situation of Stability and Unity"]

[Text] The Propaganda Department of the regional CPC Committee issued a notice on 13 October, demanding the whole region expose the splittist activities of the Dalai clique and safeguard the political situation of stability and unity.

The notice pointed out that since a handful of splittists stirred up disturbances in Lhasa, the broad masses of cadres, workers, PLA soldiers and officers, and citizens of Lhasa City have had a clear-cut stand in the struggle to oppose splittist activities and safeguard the situation of stability and unity. Quite a number of units in the region have immediately organized the cadres and masses to carry out theoretical studies and expose the evil activities carried out by the Dalai clique and a handful of splittists. To actively restore the normal order of work in Lhasa will be conducive to the calming-down of the situation and conducive to safeguarding the situation of stability and unity in the region.

The notice demanded the broad masses of cadres, workers, PLA soldiers and officers, and citizens of Lhasa clearly understand the main orientation of the present struggle, draw clear distinctions concerning cardinal issues of right and wrong, first distinguish the enemy from the people, and then distinguish right from wrong so as to enable all the people in the region to be united to make concerted efforts to thoroughly expose the Dalai clique's crime of splitting the motherland.

The notice also demanded that efforts should be made to define the focal point of the on-going theoretical studies: First, it is necessary to understand the nature of the present struggle. The two disturbances stirred up by a

handful of splittists were a serious political incident plotted and instigated by the Dalai clique. This serious political incident was aimed at trying to split the motherland, destroy national solidarity, and destroy the situation of stability and unity. Therefore, the present struggle is a serious political struggle and a struggle between unity and splittism and between safeguarding the national solidarity and the social stability and unity and destroying the national solidarity and social stability and unity.

Second, it is necessary to get a clear understanding of the root cause of the incident. The Dalai clique is the direct instigator of the two disturbances. The two disturbances stirred up by very few splittists are the component parts of the Dalai clique's activities of splitting the motherland. The Dalai clique's plot to split the motherland directly encouraged these few splittists to stir up the two disturbances in Lhasa.

Third, it is necessary to clearly understand that national unity, nationality solidarity, and the political situation of stability and unity are of vital importance to the fundamental interests of the people of all nationalities in Xizang. Xizang has had a long history of carrying out contacts with the hinterland of the motherland. And the unity between the Zang nationality and the Han nationality will last forever. All the work done by the CPC in Xizang is aimed at bringing prosperity and happiness to the Xizang people. So long as the Xizang people resolutely implement the line and principles formulated since the 3d Plenary Session of the 11th CPC Central Committee, hold aloft the banner of patriotism, unity, and progress, and adhere to the policies of reform, opening up to the outside world, and invigorating the domestic economy, the Xizang people will have even brighter prospects of a happier life.

Fourth, it is necessary to carry out positive education on the two inseparables [the idea that Tibetans and Hans cannot do without each other] so as to enable everyone in Xizang to make contributions to safeguarding the situation of stability and unity. It is necessary to do as much to treasure national solidarity as people do to treasure their own eyes so as to enable everyone in Xizang not to say and not to do anything detrimental to national unity. Everyone should make contributions to safeguarding the situation of stability and unity.

The notice demanded all the units in the region to restore the normal working and living order and restore the normal religious activities as soon as possible, continue to carry out all the principles and policies formulated by the CPC Central Committee for the Xizang region, make increased efforts to do better all types of work under the leadership of the regional CPC Committee, and take actions to oppose the splittist activities and safeguard the political situation of stability and unity in the region.

Radio Commentator Condemns Dalai 'Clique'
HK131532 Lhasa Xizang Regional Service in Mandarin
1130 GMT 13 Oct 87

[Station commentator's article: "Popular Will Cannot Be Defied"]

[Text] The riots engineered and stirred up by the Dalai clique with the help of a small number of splittists have aroused strong indignation among the people of all nationalities throughout the region and have been widely condemned by the vast number of monks and Buddhists. Now, this handful of splittists have found themselves in a very isolated position. They are being denounced both in speech and in writing by the masses of all nationalities and all circles throughout the region.

The unification of our country, the unity of our people, and the unity of our various nationalities—these are the basic guarantees of the sure triumph of our cause. Unification and unity are the common will of the people, while turmoil will only bring disasters to the people, and splittism will only be favorable to those reactionaries who are dreaming of colonial rule and the Dalai clique which is trying in vain to restore the feudal serfdom. This is a lesson that the Xizang people have drawn from history. The broad masses will never tolerate a repeat of history.

In attempting to split the motherland and in crying the slogan of so-called independence for Tibet, the Dalai clique is doing nothing but repeating a stock trick and trying to turn back the clock. This attempt, which goes against the will of the Xizang people of all nationalities, will never succeed.

Just as pointed out by NPC Vice Chairman Banqen, Xizang is an inalienable part of the territory of China—this has been an objective fact since the Yuan Dynasty. Xizang's remaining within the territory of the PRC conforms with the Xizang people's fundamental and long-term interests. This is a fact which nobody can change.

Since the peaceful liberation of Xizang, the people of all nationalities in the region have been enjoying special concern of the party and the state and have received great aid from the people of all nationalities of the whole country. Thanks to these, Xizang has undergone earth-shaking changes. Since the 3d Plenary Session of the 11th CPC Central Committee in particular, our region has made rapid progress in the political, economic, cultural, and educational fields; freedom of religious faith and customs and habits of minority nationalities have been fully respected; the party's policy to enrich the people has brought material benefits to the masses; and the reform and the opening up process have given the people of our region a golden key to the prosperity of

Xizang. The situation is unprecedentedly good in our region today. To build a united, prosperous, and civilized new socialist Xizang is the common will of the people.

Popular will can never be defied! In committing all these perverse acts, the Dalai clique is, after all, lifting a rock only to drop it on its own feet.

North Region

Hebei's Xing Chongzhi at Report Meeting
SK060234 Shijiazhuang HEBEI RIBAO in Chinese
17 Sep 87 p 1

[Excerpts] On the morning of 16 September, the workers' cultural palace of Shijiazhuang City hung a large and solemn sign announcing the report meeting of the group from Hebei Province that was sent to convey greetings and appreciation to the border frontline in Yunnan Province. [passage omitted]

Seated on the rostrum at the meeting to listen attentively to the report were leading comrades from the provincial party committee, the provincial People's Congress Standing Committee, the provincial People's Government, the provincial CPPCC Committee, the provincial military district, and the combined arms army stationed in Shijiazhuang City, including Xing Chongzhi, Li Wenshan, Yue Qifeng, Zhang Chao, Liu Ronghui, Li Deyu, Guo Zhi, Wang Zuwu, Zhang Runshen, Li Feng, Zhang Ruolin, and Ma Zhuozhou. [passage omitted]

Nei Monggol's Wang Qun Attends Army Forum
SK130356 Hohhot Nei Monggol Regional Service
in Mandarin 1100 GMT 12 Oct 87

[Excerpt] Yesterday afternoon the regional party committee, government, and military district held a forum of Army and government leaders. Comrades Wang Qun, Bu He, Cai Ying, and Zhang Shuguang stressed at the forum that it is necessary to continuously hold high the banner of unity and construction, consolidate and develop the excellent situation in Army-government and Army-civilian unity, and achieve better results in the region's reforms and work in other fields. [passage omitted]

Shanxi Advisory Commission Member Expelled
OW120121 Beijing XINHUA Domestic Service
in Chinese 1459 GMT 10 Oct 87

[By reporters Zhang Huaijing and Chi Maohua]

[Excerpts] Taiyuan, 10 Oct (XINHUA)—A Standing Committee meeting of the Shanxi Provincial CPC Committee on 7 October decided to expel Tong Yun, Standing Committee member of the Shanxi Provincial CPC Advisory Commission and former deputy secretary of the Taiyuan City party committee, from the party. The decision was submitted to the Central Commission for Discipline Inspection for approval.

Tong Yun, 65, took part in the revolution in 1937 and was admitted to the CPC in 1938. The Taiyuan Public Security Bureau detained Tong Yun's two sons Tong Xiaohai and Tong Yuanhai for investigation on charge of gangster hooliganism on 18 January 1984. On that evening, when the public security cadres and policemen were ordered to search the rooms of his two sons in Tong Yun's living quarters, instead of offering coordination and assistance, Tong Yun, as deputy secretary of the Taiyuan City party committee, asked about and took down the names, units, and positions of every public security cadre and policeman that had come to search. He also asked about and took down the names of responsible persons of the city and district special group for investigation of his sons' case. On 3 July 1984, the Taiyuan City Political and Legal Commission decided to transfer Tong Xiaohai and Tong Yuanhai, who were disqualified from public security work, away from the Public Security Department in accordance with the opinions of the leading comrades of the provincial and city party committees. However, Tong Yun, who was deputy secretary of the city party committee in charge of day-to-day work at that time, went to the leadership of the Political and Legal Commission concerned and expressed a different opinion. [passage omitted] On 5 September 1986, after the Political and Legal Department had found Tong Xiaohai guilty of rape and hooliganism, Tong Yun provided false information trying to absolve his son from guilt, instead of treating the case properly. [passage omitted]

The Shanxi Provincial CPC Committee held that Tong Yun, as a leading cadre of the party, should take the lead in observing discipline and abiding by the law and should subject his children to strict discipline. However, after his sons' criminal offenses, he shielded his guilty sons by providing false information instead of assisting public security men in their handling of the case according to the law; threatened public security cadres and policemen by making enquiries about them; abused his power to intervene in the transfer of his sons out of the public security organs; and defied the law and discipline in hindering public security men's arrest of his sons according to the law. With Tong Yun's hindrance and intervention, Tong Xiaohai was released 5 months after he had been arrested and brought to justice for the first time in 1984; the case dragged on for 3 years. What Tong Yun did impaired the dignity of the law, defamed the party, and created bad feelings among the people. He had divested himself of the basic conditions for being a Communist Party member.

An investigation group was organized by the Shanxi Provincial Discipline Inspection Commission, the provincial Political and Law Commission, and the Taiyuan City Party Committee to look into and deal with concerned personnel and departments guilty of bending the law for the benefit of relatives or friends or of other mistakes in their handling of the Tong Xiaohai case.

Official on Visiting Relatives in PRC
OW140816 Beijing XINHUA in English 0757 GMT
14 Oct 87

[Text] Beijing, October 14 (XINHUA)—Taiwan authorities have decided to allow Taiwan compatriots to visit relatives living on the mainland and "this decision will facilitate the exchange between people living on both sides of the Taiwan Strait, and Taiwan compatriots are warmly welcome to come to the mainland to visit their relatives or travel," a leading official of a relevant department under the State Council said in an interview with *Xinhua* here today.

"We have always advocated free exchange between the people on both sides of the Taiwan Strait, promoting exchange and eliminating the bitterness of severed kindred feelings as quickly as possible," the official said, adding that the government of the motherland and the people on the mainland have always been concerned about Taiwan compatriots in their desire to visit relatives or travel on the mainland.

"We warmly welcome every Taiwan compatriot to visit his or her relatives or travel on the mainland and guarantee their freedom to come and go," the official said, "and we will do our best to make things convenient for them."

"People living on both sides of the Taiwan Strait should be allowed to visit their relatives," the official said, adding that Taiwan compatriots are now allowed to come to the mainland to visit their relatives, and the compatriots on the mainland should also be allowed to go to Taiwan to see their relatives there.

"There should be no unreasonable restrictions on visiting relatives either on the mainland or in Taiwan," the official said, and expressed the hope that Taiwan authorities will take a more active attitude in this regard.

Taiwan Criticized for Harboring Illusions
OW100120 Beijing in Mandarin to Taiwan 0205 GMT
9 Oct 87

[From "Rambling Talk on State Affairs" hosted by (Wen Liang)]

[Excerpts] Friends, as you all know, both the Hong Kong and Macao questions have been satisfactorily resolved according to the principle of "one country, two systems." Now, only the Taiwan question is left unresolved. Under the present conditions, what options are there for the KMT [Kuomintang], the political party in power in Taiwan? Let us discuss this question today.

Since the Chinese NPC Standing Committee issued an appeal to the compatriots in Taiwan on New Year's Day in 1979, relations across the Taiwan Strait have seen distinct changes and improvement. [passage omitted]

However, no breakthroughs have yet been achieved in this regard. This stalemate situation is directly attributable to the so-called three no's policy the KMT has stubbornly stressed. However, the continuation of this three no's policy, I think, has something to do with the abnormal psychology on the part of the Taiwan authorities. What are the causes of this abnormal psychology? I think they can be traced to the following three illusions harbored by Taiwan's authorities:

First, the KMT authorities have illusions about the mainland. Some people in Taiwan have always hitched their hopes to instability and disturbances on the mainland. To them, any slight disturbances or trouble on the mainland are a sign of the beginning of another Cultural Revolution, which inevitably evoke in them an illusion that eventually they will be invited back to the mainland to assist the masses. This kind of illusion is quite impractical and shows a total lack of understanding of the situation of the CPC and mainland China as a whole. [passage omitted]

I think only by observing and analyzing issues in light of the real situation of the CPC and the whole of mainland China can the Taiwan authorities make a more objective assessment of the current status and future development of relations across the Taiwan Strait.

Second, the Taiwan authorities have harbored an illusion about the United States. Prior to the establishment of Sino-American relations, Taiwan counted on the protection provided by the U.S.-Taiwan Joint Defense Treaty. After the establishment of Sino-American relations, Taiwan mainly relied on the U.S.-Taiwan Relations Act for protection. Being a major political party that has made contributions to the Chinese people, the KMT ought to have some national pride. Today, the KMT has to rely on the laws of a foreign government to protect its rule on an offshore island of China. This is really not something the KMT can be proud of. [passage omitted]

Third, the KMT authorities have harbored an illusion about themselves. They have always boasted that in dealing with the mainland, Taiwan's economy is a trump card. Now they are trying to play the political trump card of so-called political democratization. I think this is simply because the Taiwan authorities want to prove that their capitalist system is superior to mainland China's socialist system by playing the two trump cards, thereby achieving their goal of unifying China with the Three Principles of the People. [passage omitted]

However, I think Taiwan's economy is nothing but a flowerpot-type economy heavily dependent on the United States and Japan. Its inner structure is rather fragile. [passage omitted]

With regard to the question of political reform, I think it is something Taiwan should have initiated long ago. Even now at the very beginning they are already beset with numerous problems. More troublesome ones still lie

ahead. For example, the problems concerning the so-called central public opinion organ, the Legislative Yuan, the Control Yuan, and the National Assembly are all troublesome issues that have not been resolved over the years. [passage omitted]

Therefore, it is unrealistic for the KMT to think it can unify China with the Three Principles of the People by playing the so-called political and economic trump cards. [passage omitted]

Mainland Visits Policy Announcement 'Soon'

Premier Yu Comments

OW140341 Taipei CNA in English 0326 GMT
14 Oct 87

[Text] Taipei, Oct. 14 (CNA)—Premier Yu Kuo-hua said Tuesday that the government will soon announce measures governing visits to mainland relatives by people in Taiwan.

The premier stressed that no government official has ever used the phrase "no encouragement, no assistance, no prohibition" in regard to the soon to be announced measures. It is purely a rumor, he said. Yu was answering an interpellation by Legislator Lin Shih-chi at the Legislative Yuan.

Speaking of the government's "mainland policy," Yu said the Chinese Communist regime has never ceased its attempt to communize the Taiwan area, as evidenced by its repeated statements.

To safeguard the nation's security and to maintain social order, people in Taiwan should hold to the government's established principles to guard against the Chinese Communists' infiltration and sedition ploys.

"Our basic national policy and our determination to recover the mainland have not changed," Yu said. The government's move to lift the ban on visiting mainland relatives is based purely on humanitarian grounds, he said.

AFP Report

HK140732 Hong Kong AFP in English 0727 GMT
14 Oct 87

[Text] Taipei, Oct 14 (AFP)—The ruling Kuomintang (KMT) Wednesday endorsed a proposal to lift a 38-year ban on visits to China, the KMT Cultural Affairs Department said. But the relaxation will only apply to people with close family ties on the mainland, the department said, adding that a formal announcement would be made after details are finalized by the cabinet. All military servicemen and public servants will still be barred from visiting the mainland, it added.

The proposal, submitted by a five-member ad hoc group headed by Vice President Li Teng-hui, was approved by the KMT's 31-seat policy-making Central Standing Committee at its regular weekly meeting. After almost one month of deliberation, the five Central Standing Committee members said the ban would be lifted "on humanitarian grounds and in observance of traditional Chinese ethical beliefs." They added: "Our anti-communist stance and our goal of recovering the mainland remain unchanged. National security must be safeguarded to ward off communist infiltration."

Other members of the ad hoc group, which was appointed by President Chiang Ching-kuo in mid-September, included Premier Yu Kuo-hua, Interior Minister Wu Po-hsiung, President of the Legislative Yuan (parliament) Ni Wen-ya and Secretary General of the National Assembly, Ho Yi-wu.

After heated debate among KMT leaders, the group rejected the idea of imposing conditions on age, place of birth and political affiliations on Taiwan people wanting to travel to China, reports said. They restricted visits to reunions with family at "three levels of kinship," which include only close family ties. Authorities have made it clear the relaxation on civilian contact across the Taiwan Strait does not signal any softening of Taipei's rigid policy of "no contact, no talks, no compromise" with Beijing.

Taiwan's Nationalist government has forbidden its people to visit China since 1949 when it was forced off the mainland by the communists. It also rejects Beijing's peace overtures and invitations to develop direct trade, postal and other communication links between people in China and Taiwan. However, it turns a blind eye to family reunion trips to China through third countries made by several thousand senior residents each year, observers say.

Motion Condemns PRC Force in Xizang

OW131451 Taipei CNA in English 1434 GMT
13 Oct 87

[Text] Taipei, Oct. 13 (CNA)—The Control Yuan passed a motion Tuesday urging the government to strongly condemn Communist China for using force to crack down on Tibetan anti-communist demonstrations and for causing heavy casualties.

The motion also demanded that the government take every possible measure to help the Tibetans with their rebellion.

The motion was proposed by seven Control Yuan members. The Control Yuan is a watch-dog body in the ROC's [Republic of China] parliamentary system.

Direct Trade With Mainland Prohibited

OW140353 Taipei CNA in English 0329 GMT
14 Oct 87

[Text] Taipei, Oct. 14 (CNA)—Premier Yu Kuo-hua Tuesday called on businessmen in Taiwan to put national security their top concern and not to have illusions in trading with the Chinese mainland.

Quoting foreign wire service reports, Yu said the Chinese Communists themselves have noted that their "trade with Taiwan" will serve political purposes rather than economic ones.

"Not only will the Republic of China's [ROC] free economic system suffer from direct trade with the Chinese Communists, but national security will also be endangered," he said.

Therefore, Yu said, the basic government policy towards such trade is that it will not allow direct trade with the mainland. He added, however, that indirect trade in which goods are transshipped through free countries or areas will not be banned.

Yu was responding to interpellations by Legislators Tsai Sheng-pang and Chang Shih-liang. The legislators have asked the government to allow direct trade between Taiwan's businessmen and people on the mainland.

Yu also opposed Chang's suggestions that the government establish a consultative agency or similar organization to oversee trade with the mainland and that it send a "pioneer" business study mission to visit the mainland to evaluate market potential there.

The ROC should never establish any "economically dependent relationship" with the Chinese mainland, because it will be very dangerous for the nation since the Chinese Communists may cut the relationship at any time, Yu pointed out.

957 Mainland Boats Driven Off 6-11 Oct
OW140431 Taipei CNA in English 0407 GMT
14 Oct 87

[Text] Taipei, Oct. 14 (CNA)—The garrison troops on Kinmen and Matsu drove off 957 mainland boats which had intruded into waters around the two frontline islands of the Republic of China between Oct. 6 and 11, Maj. Gen. Chang Hui-yuan, spokesman for the Ministry of National Defense, said Tuesday.

Gen. Chang said that the troops on the two islands fired 1,593 machinegun rounds and 27 artillery shells.

Foreign Minister on Ties With South Korea
OW100451 Taipei CNA in English 0410 GMT
10 Oct 87

[Text] Taipei, Oct. 10 (CNA)—Foreign Minister Ding Mou-shih said Friday closer ties between the Republic of China [ROC] and the Republic of Korea [ROK] are in common interest of both countries because they are both faced with threats from communist regimes.

Ding was responding to an interpellation by Legislator Pan Chih-cheng who in Friday's Legislative Yuan session asked the minister to comment on remarks by No Tae-u, president of Korea's ruling Democratic Justice Party, in a recent U.S. visit that "Seoul should establish diplomatic ties with Peiping."

South Korea has been expecting to improve its relations with communist countries, especially Communist China and the Soviet Union, since its announcement of an open-door policy in 1973, Ding said. To facilitate the process, the U.S. brought forward a cross-recognition proposal at the United Nations in 1975 under which the U.S. and Japan would recognize North Korea in exchange for Soviet and Chinese Communist recognition of South Korea.

Due to complicated factors involving the delicate situation in Northeast Asia, however, South Korea's reconciliatory efforts have made no progress over the past 12 years and the Chinese Communist position of supporting North Korea is as steadfast as before, Ding said.

Therefore, he stressed, "The ROC and the ROK, sharing the same ideals of pursuing democracy and freedom and of fighting against communism, should further strengthen their relations for it is in the best interests of our two countries."

Hong Kong

Governor's Address to Legislative Council

HK081143 Hong Kong SOUTH CHINA MORNING
POST in English 8 Oct 87 pp 6-7, 8

[“Full text” of the address by Governor Sir David Wilson, at the opening of the 1987-88 session of the Legislative Council on 7 October]

[Excerpts] [passage omitted] Relations with China [subhead]

Before reviewing local developments and the plans for the future which intimately concern us all, I should like to reflect on our relations with China. Over the past decade, our links with the mainland have continued to grow and develop in every field. They have become an increasingly significant factor in our day-to-day lives. These links are important both for the present and for the future. In addition to the many personal contacts between people in Hong Kong and people in the mainland, we have a wide range of official and institutional channels for exchanges of ideas on matters of common interest. These channels have functioned well. They have helped in developing the sort of mutual understanding which is so important in solving practical problems as they arise.

I have myself recently returned from Beijing. I found that visit useful as an opportunity to explain some of our concerns to senior Chinese officials dealing with Hong Kong affairs and learn about theirs. I am sure that this sort of dialogue helps to promote a relationship of co-operation and mutual understanding which will benefit both sides. I look forward to continuing this dialogue, and hope to make a further visit to Beijing before the end of the year.

— The single most important aspect of our political relationship with China is of course the implementation of the Joint Declaration. This continues to make good progress. There should be no doubt about the determination of both sides to implement fully the terms of the agreement.

— The Joint Liaison Group has over the past year, recorded further solid achievements. I will cite only a few examples. Following consultation in the group, the Government was able to start, in July, issuing permanent Hong Kong identity cards and a new type of Certificate of Identity. A start was also made on issuing British National (Overseas) passports. The first of Hong Kong's Air Service Agreements, that is an agreement separate from one also involving the United Kingdom, came into force on June 26. Also in June, Hong Kong was admitted as a member of the Customs Co-operation Council. And full agreement has been reached on the New Pension Scheme for the Civil Service, which came into effect on July 1.

The standing sub-group on International Rights and Obligations, set up by the Joint Liaison Group, also continues to make steady progress. Its work gets less of the limelight but is nonetheless of great importance. As a result of work in the group agreement has been reached in principle of Hong Kong's future participation in the International Telecommunications Union; the International Maritime Organization; the United Nations Conference on Trade and Development; and the Economic and Social Commission for Asia and the Pacific. [passage omitted]

— As provided for in Annex II to the Joint Declaration, the Joint Liaison Group will have its principal base in Hong Kong from 1 July next year. This will provide an opportunity to strengthen contacts between members of the British and Chinese teams, and to give further impetus to the work of the Group.

I am confident that both the Joint Liaison Group and the Land Commission will continue to play an effective and positive role in implementing the terms of the Joint Declaration.

— Over the past year, the Basic Law Drafting Committee and its various sub-groups have made substantial progress in drafting the Basic Law which will put into effect the Chinese policies towards the Special Administrative Region [SAR] set out in the Joint Declaration and its Annexes. Naturally, the people of Hong Kong have been watching with great interest the drafting process of the document which will form the framework for the Special Administrative Region and which will also influence the evolution of our own systems before then. Many Hong Kong people have been directly involved in the process. The first draft of the Basic Law, due to be published early next year, will be another key building block in the creation of a clear structure for our future.

Economic Relationship With China [subhead]

Hong Kong's economic links with China continue to grow. During the past year China has remained our largest trading partner. In turn, we are now the biggest single market for Chinese exports, quite apart from the large amount of Chinese goods which are transhipped to other markets through Hong Kong. Total visible trade between China and Hong Kong in the first half of 1987 showed an increase of 52 percent over the first half of 1986. This is remarkable by any standards. Hong Kong is also responsible for a very high proportion of external investment in China. Between 1979 and 1985, some two thirds of all pledged external investment in China came from Hong Kong. The process is two way. Chinese investment in Hong Kong continues to grow, as do the financial links between us.

An important development is the increasing amount of manufacturing processing now being sub-contracted by Hong Kong businesses to China, particularly to the Pearl

River delta region. It has been estimated that up to one million Chinese workers are employed in this way. All these trends work to the benefit of both our economies.

Travel between Hong Kong and China also continues to grow. In 1986, Hong Kong people made almost 12 million visits to China, and 280,000 Chinese visitors came to Hong Kong for business, pleasure and family reasons.

In addition, Hong Kong plays a vital role as a gateway between China and the rest of the world. Last year 670,000 overseas visitors to China travelled through Hong Kong. Travel between Hong Kong and the mainland has recently been made easier by better facilities at the border and simplified immigration procedures. Further improvements are being planned.

Economic and Financial Situation [subhead]

State of the Economy and Prospects

[Passage omitted] So far this year the Hong Kong economy has done better than we expected. In the first half of the year domestic exports rose by 27 percent and re-exports by 49 percent compared with the same period in 1986. Domestic demand was strong in terms both of consumption and investment, and the property market has been active. Particularly welcome has been the continuing growth of investment in plant and machinery—an essential prerequisite for expanding our industry and increasing its efficiency. Overall, we expected the growth rate of our gross domestic product in 1987 to reach 12 percent in real terms. This would be even better than the high figure of 11 percent achieved last year and would be a very encouraging result.

Internally, the buoyancy of the economy has led to a sharp tightening of the labour market. Unemployment has fallen to a record low of 1.8 per cent and under-employment to 1 per cent. In the 12 months ending March 1987, the earnings of workers in manufacturing and service employment rose by an average of 12 per cent in money terms (or 7 per cent in real terms). There are indications that the rate of increase has accelerated over the last six months. Our workers are thus sharing in the general prosperity.

There are, however, some danger signs to which we must be alert. The first is inflation. The depreciation of the Hong Kong dollar is now being felt in higher import prices, although relatively weak world commodity prices, and the high proportion of our imports which come from countries whose currencies have also been depreciating, have so far cushioned this effect. In addition, rapid economic growth, and the relative shortage of labour which naturally follows from it, will tend to push up prices and dampen our currently strong export competitiveness. As of now the situation is not serious; but it will need to be watched.

Looking ahead, I remain confident that the longer term outlook for Hong Kong's economy is good. Nevertheless, we have to realise that its performance will continue to be heavily influenced by external forces outside our control. We remain vulnerable, not only to threats of protection in our major markets, but also to swings in demand and in economic activity in those markets. Admittedly, our economy is very flexible. We can ride the storms better than most. But if the storms do come we must be prepared to react to them quickly.

All this means that we must not only follow carefully developments in our overseas markets. We must also maintain and improve the long term competitiveness of our major export industries. Both these concerns lie behind the government's current thinking on trade issues and our strategy for industrial development.

Trade

So far as trade is concerned, the Government's main role is to do all they can to foster a free and open trading system, and to ensure maximum access for our manufacturers to overseas markets. These objectives the Government pursue, both through bilateral relations with governments in our major markets and multilaterally by taking part in international trade organisations, particularly the GATT. Much valuable assistance in selling Hong Kong products is given by the Trade Development Council: I should like to pay tribute to its efforts.

In looking at our recent excellent trading results we must also be aware of the danger posed by protectionist sentiment in the United States. Both Houses of Congress have produced a version of a Trade Bill which contain a number of protectionist provisions. An even more direct threat comes from pending textiles legislation. Protectionist legislation in the United States would not only damage Hong Kong's trading interests directly. It would also produce retaliation and counter-retaliation. The result could only be severe damage to the world trading system. Both the Government and the private sector are taking every opportunity to impress on the United States Administration, and on Congressional leaders, the dangers inherent in protectionist legislation. I shall be going to Washington myself in two weeks' time: these important matters will be high on my agenda.

Hong Kong is the prime example of a free-trade economy. We believe in working for a freer and more open world trading system. As a full member of the GATT, Hong Kong has been playing an active role in the Uruguay round of multilateral trade negotiations now taking place in Geneva. Some progress has already been achieved. There is a growing identity of views in the negotiations on the need for improved procedures to settle trade disputes. It is important that these negotiations should make steady progress. All could be put at risk if protectionist actions were to get out of hand. We must do everything we can to prevent this happening. [passage omitted]

Travel and Tourism

Both because we live in a densely populated environment and because we are a business orientated community, the right to travel freely and without hindrance outside the confines of Hong Kong is a matter of great concern to most people in the territory. They wish to be sure that when they travel to other countries, they can do so with as little inconvenience and with as few formalities as possible.

Passports and Travel Documents

In this connection considerable concern has been expressed recently about whether there will be problems in using the new British National (Overseas) passport.

BN(O) status, and the passport that goes with it, were introduced on July 1. Those who are entitled to this form of passport will continue to be able to use it after 1997, whereas the Hong Kong British Dependent Territory Citizen (BDTC) passport will not be valid after the establishment of the Hong Kong SAR. Provision was made for the new passport in the exchange of memoranda associated with the Joint Declaration. Its introduction followed some nine months of intensive diplomatic activity by the British and Hong Kong Governments to explain the new status to other governments. Despite all that has been said on the subject to the contrary, the response has been encouraging. The great majority of the countries to which Hong Kong people travel most often have publicly stated that they will treat the BN(O) passport in the same way as they do BDTC passports; and this includes the continuation of visa free arrangements where these exist. No government has said that it will not accept for entry to its territory travellers holding the BN(O) passport.

I am aware that there has been public concern about the validity of the BN(O) passport. The fact that not every country in the world has issued a statement on their acceptance of the passport is not significant. One would not expect them to do so. The BN(O) passport is a British passport issued under the authority of the Secretary of State. As with any passport it is assumed that other countries will accept it as a valid travel document. In the rare event that they do not do so, it is for them to make this clear. I see every reason to believe that people using the new BN(O) passport will be able to travel as widely and easily as they do now on BDTC passports. [passage omitted]

Law Order and Security [subhead]

Crimes

[Passage omitted] — One problem which has caused us much trouble over the years is the abuse of drugs. The linked menaces of drug addiction and of drug trafficking have now reached global proportions. So far as Hong Kong is concerned, they are being tackled vigorously and

our methods and success have received international recognition. Hong Kong is playing a leading role within the region in helping to co-ordinate international action against drug trafficking. It is particularly pleasing to note that our close liaison with the Chinese authorities in this field has significantly reduced the illegal import of andrax.

This is not to say that we do not have a local problem of drug abuse. We do. But we are containing it, particularly as regards heroin. We are also dealing firmly with the rising problem of the abuse of psychotropic substances.

The enforcement of the law against illegal drug trafficking is also being pursued vigorously, both in relation to prosecutions and to the seizure of drugs. We need to be able to strike more effectively at the financial roots of the illicit drug trade. So new legislation is now being drafted to give power to the courts to confiscate the proceeds of drug trafficking. The Government intend to introduce it into this Council during the current session.

Illegal Immigrants

Another problem which requires constant attention is illegal immigration. In June, a sudden increase was sparked by baseless rumours of an amnesty. Our security forces once again ensured that nearly all of the arrivals were caught on entry and returned forthwith. They deserve our congratulations and thanks for their professionalism and unremitting efforts. We benefited too from good co-operation with the Guangdong and Shenzhen authorities who also played a large part in stopping the flow. I should like to make it clear once again: there will be no amnesty for illegal immigrants.

To the familiar problem of illegal immigration has, in recent months, been added that of former Vietnamese refugees resettled in China who have tried to enter to Hong Kong illegally. While they are with us these people are a strain on our resources in the same way as refugees. But they are illegal immigrants, not refugees, and must be treated as such. With the effective and welcome co-operation of the Chinese authorities, steps have been taken to contain the flow and to return those who have arrived to China as speedily as possible. I am glad to say that this exercise is proceeding smoothly.

Vietnamese Refugees

We also have a continuing, indeed a growing, problem in coping with refugees from Vietnam. It is understandably a matter of great concern to our community that this problem, which reached dramatic proportions in 1979, is still with us. The number of refugees arriving from Vietnam so far this year has increased by 38 per cent over the same period in 1986. The number leaving for resettlement has declined by 47 per cent. Those statistics tell their own stories. It is a most unsatisfactory situation.

With the continuing help of the British Government and of the United Nations High Commissioner for Refugees, who have been vigorously seeking more places on our behalf, we will go on pressing the resettlement countries to take more refugees from Hong Kong. But resettlement countries have become very selective in choosing whom they will accept. Most now insist that those they take should have close family connections with Vietnamese already settled in their countries. This makes it very difficult to resettle many of our refugees. We have a particular problem in that an increasing number of the arrivals here are ethnic Vietnamese from North Vietnam who have no connections in countries of resettlement. Many people in our camps have waited years in the hope of being resettled. Over 3,500 refugees from Vietnam have been here for more than five years.

The Government of Vietnam bear a heavy responsibility for this continuing exodus of despair which affects not just us but also all the countries of South East Asia. We need a long term solution which deals with the problem at its source. But this can only be achieved by a co-operative effort by a number of countries. It certainly cannot be solved by Hong Kong alone. It also requires the co-operation of the authorities in Vietnam itself. So far the Government of Vietnam have said no more than that they are prepared to consider repatriation on a case by case basis. Experience has shown that this is a very restrictive definition. I can assure Honourable Members that we, and the British Government, will continue to seek a solution to this problem which has been with us for far too long. But I am afraid that it will require a great deal of time and patient diplomacy before we can expect to achieve results.

Structure and Machinery of Government [subhead]

It goes without saying that in pursuing its many and varied tasks the government's constant concern is to act in the overall best interests of Hong Kong. This means, amongst other things, maintaining a framework of sound administration which is stable and reliable and yet remains responsive to the changing needs of society. Only in this way can we hope to ensure that our policies and actions continue to receive the approval and support of the community as a whole.

Review of Developments in Representative Government [subhead]

It is in line with this philosophy that the structure of government, and the roles and composition of its various components, have changed and developed over the years. This process has been evolutionary, not revolutionary. We have taken care at each step to reflect and consult before deciding on the next one. As part of this process, we have just completed another round of public consultation on developing various elements of our system of representative Government. The Green Paper on the Review of Developments in Representative Government has produced a great deal of discussion within

our community. This Council held a debate on the Green Paper in July in which all members present in Hong Kong, apart from officials, spoke. A number of different points of view were put forward and were carefully and vigorously argued.

The Survey Office will produce its report at the end of this month. During the four month consultation period it received a total of over 130,000 submissions. This is far more than in any previous public consultation exercise. It is evidence of the interest which the issues in the Green Paper, and in particular the possibility of introducing some element of direct elections to this Council, have aroused amongst many in our community. Besides being the passive recipient of submissions, the Survey Office has also commissioned its own public opinion poll in order to obtain an objective assessment of the view of the whole community on the options listed in the Green Paper. I will not attempt now to pre-judge the contents of the Survey Office report. It will be laid before this Council early next month and members will subsequently have an opportunity to debate its contents.

Important decisions will need to be taken over the next three or four months on what changes it would be right to make in 1988. In reaching those decisions, the Government are committed to taking full account of all the views recorded in the Survey Office report. We will, naturally, also give full regard to other relevant factors, including the need to ensure that any changes which might be introduced do not disrupt the steady progress we have been making, nor the stability which is so important to our community. [passage omitted]

Conclusion [subhead]

Honourable Members, I hope that what I have said this afternoon will commend itself to you as a program which is both ambitious and capable of achievement. The aim is to be forward looking: to build on the very substantial achievements of the past and to be responsive to the needs and demands of the future. [passage omitted]

What we are seeking is the development of Hong Kong as a society which combines a strong, expanding and competitive economy with concern for the quality of life of all its inhabitants. This is the objective to which I commit myself and the government. With your help I am sure that we can, and will, make steady progress towards the achievement of this goal.

Confidence Said Slipping in New Passport
HK100916 Hong Kong SOUTH CHINA MORNING POST in English 10 Oct 87 pp 1, 2

[By Frank Choi]

[Text] Hong Kong travellers still have serious doubts about the validity of the new British Nationality (Overseas) [BN(O)] passport with only one out of 10 residents converting as they renew travel documents.

Figures obtained from the Immigration Department show that only 13 percent of passport applicants asked for the BN(O) document last month while the majority opted to renew their British Dependent Territory Citizen (BDTC) passports, which are valid only until 1997.

This indicates that confidence in the BN(O) passport, which can be used up to and after 1997, has sunk to its lowest level since it was introduced on July 1.

Out of 12,571 applications for new passports received in September, only 1,652 people wanted the BN(O) passport compared with 10,919 who preferred to renew their BDTC passports.

This represents a further drop of 975 or 37 per cent from the August figure of 2,628 BN(O) applications.

The latest figures come in the same week as an assurance by the Governor, Sir David Wilson, of the validity of the BN(O) passport.

"The great majority of the countries to which Hong Kong people travel most often have publicly stated that they will treat the BN(O) passport in the same way as they do BDTC passports," he told the Legislative Council on Wednesday.

"No government has said that it will not accept for entry to its territory travellers holding the BN(O) passport.

"The BN(O) passport is a British passport issued under the authority of the Secretary of State. As with any passport it is assumed that other countries will accept it as a valid travel document.

"In the rare event that they do not do so, it is for them to make this clear. I see every reason to believe that people using the new BN(O) passport will be able to travel as widely and easily as they do now on BDTC passports."

When the BN(O) passport first became available in July, it shared equal demand with those renewing BDTC passports.

However, travelers began shying away from the new passport after three Asian countries apparently raised doubts in August.

In Thailand, an immigration official refused entry to a BN(O) passport holder, with similar incidents occurring in Indonesia and Malaysia.

All three countries later clarified their position by publicly recognizing the new passport.

However, public confidence has yet to match the administration's over the document.

In the last three months, the Immigration Department's figures showed the number of applications for BN(O) passport dropped sharply from 8,183 in July to 2,628 in August and further declined to 1,652 last month.

However, applications for BDTC passports have increased. There were 9,705 applications in July representing a 54 percent share, rising to 12,212 or 82 percent in August, and 10,919 or 87 percent last month.

Of 45,299 passport applications received during the past three months, only 27.5 percent or 12,463 chose the BN(O) passport while 72.5 percent or 32,826 people opted for BDTC.

Yang Appointed First Chinese Chief Justice
HK140615 Hong Kong SOUTH CHINA MORNING POST in English 14 Oct 87 pp 1, 2

[By Lindy Course and Jacqueline Lee]

[Excerpt] High Court Judge Mr Justice Yang Ti-liang, 58, was yesterday appointed Hong Kong's first Chinese Chief Justice.

In an historic decision, the Queen approved Mr Justice Yang's elevation to a post that ranks second only to the Governorship in authority.

His appointment will take effect on March 15 next year, meaning that the existing Chief Justice, Sir Denys Roberts, will stay on seven weeks past the compulsory retirement age of 65.

Mr Justice Yang said last night: "I feel very proud, of course, because it's the first time a Hong Kong person has been appointed Chief Justice.

"I'm happy but I do not feel elated. Rather, I feel it's a very solemn matter because of the heavy responsibilities attached to the job and the new challenges the Chief Justice has to face."

At present, Mr Justice Yang heads the working group looking into the use of the Chinese language in court.

"Hopefully, we will be able to use more Chinese in court," he said.

Mr Justice Yang named his other priorities as establishing a Final Court of Appeal in Hong Kong and attracting more local talent to the Bench. [passage omitted]

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